

HOME NEWS

Pay policy is blamed for lack of incentives

By a Staff Reporter

Government policy on pay has created unemployment among the unskilled and a scarcity of skilled labour, Lord Robbins, the economist, says in a pamphlet published today.

He argues that a system of equality of reward produces a lack of incentive and could work only by means of regimented labour to meet the varying needs of industries.

Lord Robbins writes in his pamphlet, published by the Institute of Economic Affairs: "Any system which directly imposes levels of pay substantially higher than the value put by the market on the expected value of the product will produce a tendency to unemployment. Conversely, if it imposes a reduction on what has hitherto been the competitive pay, there will be a tendency to a scarcity of the type of service available."

Lord Robbins says there is a strong case for proportional taxation, but some degree of progression is to be justified in that it requires the rich to bear a larger burden than the poor. Beyond a point there is a strong presumption that it must weaken incentives.

He argues for a wider distribution of private wealth rather than increasing state wealth.

One means of wider distribution would be by "the principle of the legacy duty... whereby whatever graduation is thought appropriate is applied, not to the estate as a whole but to the parts into which it is broken up by testamentary disposition, thus providing a direct financial incentive to the diffusion of bequests."

Under such a system a single legacy would result in more being surrendered to the state than if the estate was bequeathed to a number of people.

Lord Robbins criticizes the viewpoint which accepts that it is permissible to seek better and more expensive holidays and cars but opposes giving any help to one's children's education or a sick member of the family.

In examining equality of opportunity he finds that the only way to achieve that would be by the elimination of the family unit.

Considering equal pay for unequal work, Lord Robbins says that forcing employers to pay equal wages to women or blacks for performances which are unequal to others "is to condemn the less able performers to a continuation of employment opportunity."

Liberty and Equality, Institute of Economic Affairs, Lord North Street, London, SW1P 3LB, 60p.

Better teacher training urged by union

By Diana Geddes
Education Correspondent

A new five-year teacher-training scheme, including a three-year degree course in a university or polytechnic, is proposed in a discussion paper released today by the National Association of Schoolmasters and Union of Women Teachers.

The present system of training is unacceptable, the union, which represents 90,000 teachers, says. Initial entry requirements were too low; the courses were too short; intellectual rigour, insufficient attention was paid to the practical difficulties of the teachers' work; and the pass standard at the end of the course was too low.

All teachers should be "people of genuine learning". They should therefore be required to have at least a first degree. It was, however, "totally hostile to the concept of teaching as a learned profession to have prospective teachers educated outside the higher education system". The colleges of education, as such, should therefore disappear or be incorporated into polytechnics or universities, the union suggests.

Some students would want to make an early commitment to teaching as a career, and degree courses with an element of education theory should therefore be provided. But the union was totally opposed to degrees specially for teachers. It was the adoption of that idea which had largely served to debase

the respect for the academic qualifications of teachers.

Possession of a good degree would not, of course, in itself make a satisfactory teacher. The union therefore proposed a post graduate year providing a course in the theory of education and teaching method as a prerequisite for all teachers. This should be preceded by at least six weeks' experience in school to enable the student to see school from a teacher's point of view.

The practical training of a teacher in the arts and skills of his job should not begin until the successful completion of the theory year. The training should be carried out by experienced practising teachers. "The influence of practising teachers on teacher training has varied between the minimal and the non-existent, with unfortunate results," the union says. "Many of the misfortunes which have befallen schools in the past 10 years or so are directly attributable to the inept theories eagerly, and often sincerely, preached by teacher trainers who had lost contact with the real school situation."

The status of trainee assistant teachers should reflect the fact that they were under training and thus not established teachers. They should therefore be supernumerary to the staffing allocation of schools. A Consecutive Pattern of Teacher Training: a discussion paper (National Association of Schoolmasters / Union of Women Teachers, Hillcourt Education Centre, Rednal, Birmingham.)

Eight die in weekend car crashes

Five people died when two cars collided in rain on the A38 at Norton Baving, near Warminster, Wiltshire, on Saturday.

They were Mr Robert Potter, of Heytesbury, Wiltshire, the driver of one of the cars; Mr Paul Stirling, of Warminster, driver of the other car; and Mr Stirling's passengers, Mr Graham Warren, of Warminster, Miss Vicky Stanton, of Warminster, and Miss Christine Marshall of Westbury, Wiltshire.

Three people died in a two-car collision at Harthorn, near Loughborough, Leicestershire, yesterday. They were Miss Jayne Archer and Miss Beverly Brown, both teenage girls of Kegworth, Leicestershire, and Mrs Mary Benskin, of Loughborough. Three others were seriously injured.

Appeal for abbey

More than a hundred charities in Britain have been asked for £53,000 to help to save the twelfth-century Thorney Abbey, Cambridgeshire, whose fabric is deteriorating.

Tory urges action over race in schools

By a Staff Reporter

A former Tory Cabinet minister yesterday attacked the Government for complacency and called for vigorous action to help schools over difficulties arising from race.

In an open letter Mr Peter Walker, MP for Worcester, told Mrs Williams, Secretary of State for Education and Science: "You will know better than I (because the authorities refuse to publish the truancy levels) the appalling truancy rate among young West Indian pupils."

"Massive truancy linked with massive unemployment is causing massive crime, which in turn will create massive racial prejudice."

There must be positive discrimination in favour of these communities that have both language and social problems. Your Government has been remarkably complacent in this area, knowing of the critical resentment of the positive discrimination in favour of the black.

Without more resources, crime would increase and the only groups that would thrive would be "those such as the hapless victims of the struggle has turned out to be Sir Campbell Adamson, formerly director-general of the Confederation of British Industry."

Under last year's council of the society filled vacancies among its 30 new members unopposed. Last year Sir

MP urges dismissal of guardsman case judge

Mrs Audrey Wise, Labour MP for Coventry, South-west, yesterday called for the dismissal of the Court of Appeal judges who on Friday freed a young Coldstream guardsman jailed for a sexual attack on a girl aged 15.

The court freed Guardsman Tom Holdsworth, aged 19, from a three-year sentence passed at Norwich in March for grievous bodily harm and indecent assault, and substituted a six-month suspended sentence. In so doing, the judges said they risked a sense of outrage to the public "to save the guardsman's 'promising career'."

Mr Justice Wynn, sitting with Lord Justice Roskill and Mr Justice Slynn, said she would probably have been less

severely injured had she submitted to rape.

Mrs Wise said: "We are now permitted to ask whether the licence given by the judges to impose 17-year-old girls sexually only as Coldstream Guards or whether it covers everyone with a promising career."

"What sort of advice is it to give our young girls, as in this case, that they would not have been so seriously injured if she had submitted to rape? It is incredible."

Mr William Molloy, Labour MP for Reading, North, said: "These judges have arrogantly

set themselves above the feelings of the law just people." He called for a mission of inquiry in similar cases.

Mr Marcus Lipton, MP for Lambeth, said: "The action of these recent cases becomes more incomprehensible."

The National Campaign Law and Order said: "Appalled by the decision statement said: 'Why guardsmen have, pre-mechanics over youths played?'"

Statisticians show number power

By Stewart Tindler

At the age of 32 Dr Henry Wynn, lecturer at Imperial College, London University, will be installed this week as president of the Royal Statistical Society.

Not only will he become probably the youngest head of any learned society, but he will also be the first president of the society to be elected to the position.

After two years of internal political struggle, his succession on Wednesday marks a victory for a reforming group within the society, which so often in the past has been the instigator of reform elsewhere. The society's reformers have turned out to be Sir Campbell Adamson, formerly director-general of the Confederation of British Industry.

Under last year's council of the society filled vacancies among its 30 new members unopposed. Last year Sir

Campbell was nominated to join the council, but a group of fellows decided to challenge the council's nomination and forced an election.

It was the first such election to be held, and Sir Campbell was defeated. Then the council chose Sir Campbell to become president.

The society has also over the years adopted a system whereby presidents chosen from inside the society are alternated at intervals with a president appointed from outside. The idea was to bring in new blood and ideas.

In recent times such "external" presidents have included Sir Harold Wilson, who described the position as the greatest of the many honours bestowed on him.

The reformers, having triumphed last year, decided to fight again, and Dr Wynn was nominated by six fellows to challenge the council's choice.

Action urged to avert petrol famine

By Our Motoring Correspondent

Sir Clive Bosom, of the Royal Automobile Club, has asked the Government an assurance that it will be safeguarded against a shortage of petrol in the event of the 5p tax rise.

In a letter to Mr Secretary of State for Transport, Sir Clive says: "I am aware of an official statement to reassure motorists that the RAC fears a shortage of petrol is a very serious risk that any petrol shortage will be met by excessive purchases."

The RAC fears a shortage of petrol will lead to a potential loss of order on the part of motorists.

Police 'appalled' by driving standards on motorways

By Our Motoring Correspondent

A week's close observation by police of motorway driving standards has disclosed an "appalling situation," according to Chief Superintendent Richard Allen, head of Thames Valley police traffic division.

He says that reports by his division, which is responsible for 100 miles of the M1, M4 and M40 motorways, indicate a continuing downward trend in driving standards, and a basic lack of understanding of motorway procedures by many drivers and pedestrians.

From the hundreds of reports received, a familiar pattern has emerged: lack of lane discipline, misuse of the hard shoulder coupled with un-

Callaghan warning against Labour Party split

Continued from page 1

made clear that a directly elected European Parliament will not assume supra-national powers. Both Sir Harold Wilson and Mr Callaghan have given assurances on this, and it must be amended."

Mr Atkinson said the national executive committee had two responsibilities which it had inherited from the previous government: to conduct direct elections, and in the event of the Bill getting a second reading, to circulate to Labour MPs a statement giving reasons why they should vote for the Bill.

On general economic strategy, the Liberal want the Chancellor to reduce the burden of income tax and increase indirect taxes.

Last night Mr Callaghan got the backing of one of his right-wing cabinet colleagues, Mr Rodgers, Secretary of State for Transport, for the likely date of the next general election.

"I'm a betting man," he said. "I would not risk a penny on the prospect of a general election being called in the next twelve months."

Mr Rodgers said the Government's policies were beginning to pull the country through. The Liberal want the Chancellor to reduce the burden of income tax and increase indirect taxes.

Some demands are already known. The Liberals want the direct elections Bill with PR built into it; they want faster progress on devolution, with the production of revised plans before the summer recess; they would favour a Bill on industrial partnership; not necessarily based on the Bullock recommendations, increasing the opportunities for workers to share in control.

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Former projectionist opens his fifth cinema

From Our Correspondent

Mr Malcolm Crook, a former cinema projectionist at King's Lynn, Norfolk, is going against the general trend by opening cinemas while others close in Britain.

Mr Crook, aged 41, has just spent £40,000 converting a former King's Lynn ballroom into a 200-seat cinema, his fifth.

He says his financial success in the 18 years he has been over the town's 900-seat Pilot cinema where he worked, is due to his working on tight budgets and giving the public what it wants.

All the cinemas are making a profit, he said yesterday. "The secret of success is giving the public a wide choice

Parents' move to save school

A move by parents to stop the inner London Education Authority from closing St Marylebone Grammar School is likely to be heard in the High Court this week.

The student population at East Anglia University, which could increase by 1,300 over the next four years, to 4,900 the University Grants Committee has announced.

The community and race relations unit of the British Council of Churches is to support calls for an inquiry into relations between the police and West Indian and Asian communities.

A memorial to Robert Nothin, who wrote *The Ragged Dicks*, Philanthropist, under the name Robert Tresselt, was unveiled at Walton Park cemetery, Liverpool, on Saturday. He died in 1911.

Borders castle opens

Floors Castle, near Kelso, Borders, the 250-year-old home of the Dukes of Roxburgh, is to be opened to the public.

Respite for gulls

Dover Chamber of Commerce has abandoned its annual attempt to clear seagulls' eggs and nests from rooftops in the town because of "administrative problems".

Student rebates

We regret that processing of recent applications for student rebates has been held up by a clerical dispute which is now resolved. Strenuous efforts are being made to deal expeditiously as possible with the backlog of correspondence. We apologise to students concerned for this delay.

Weather forecast and recordings

NOON TODAY Pressure is shown in millibars. FRONTS Warm, Cold, Occluded. Symbols are as on adjoining page.



Today
Sun rises: 5.43 am. Sun sets: 8.21 pm.
Moon rises: 8.57 am. Moon sets: 11.13 pm.
First Quarter: June 24.
Rising up: 9.51 pm. 4.13 am.
Falling down: 1.58 am. 6.30 am.
(23.58). Avonmouth: 10.13 am.
12.40 (40.88). 10.21 pm. 12.40 am.
(40.88). Dover: 1.22 am. 6.20 am.
(20.28). 2.28 pm. 6.30 am. (20.61).
Bath: 8.59 am. 6.30 am. (23.79). 9.34 pm.
6.50 am. (21.87). Liverpool: 1.57 am. 6.20 am. (23.51). 2.22 pm. 8.50 am. (27.95).

Sea: passages: 5 North Sea. Strait of Dover: 5. North Channel: 5. Wind N to NE, light to moderate; sea slight.

Sat. George's Channel, Irish Sea: Wind N to NE, light to moderate; sea slight.

Saturday
London: Temp: max. 7 am to 7 pm, 13°C (55°F); min. 7 pm to 7 am, 9°C (48°F). Humidity: 77 per cent. Rain: 24hr to 7 pm, trace. Sun: 24hr to 7 pm, 1.017 bars, rising. 7 pm, 1.0157 millibars, falling.

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WEATHER REPORTS YESTERDAY MONDAY: 6, clouds 1, fair; 7, rain; 8, sun; 9, thunder.

Forecast for 5 am to midnight: London, Central & England, Midlands: Dry, rather cloudy, sunny intervals developing. Wind N, light, max temp 15°C (59°F).

E, NE, E, East Anglia, Channel Islands, Borders, Edinburgh, Dundee: Mostly cloudy, mainly dry, wind N moderate; max temp 14°C (57°F).

W, England, Wales, Lake District, Isle of Man, SW Scotland, W. Ireland: Mostly cloudy, mainly dry, wind N moderate; max temp 14°C (57°F).

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Of the 20 most expensive paintings sold at auction,



Volpogon, Juan de Pareja, 1610/1091.



Titian, Death of Actaeon, 1560/1091.



Rembrandt, Titian, 1660/1091.



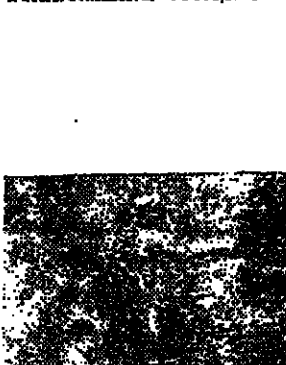
Goya, Woody River Landscape, 1800/1091.



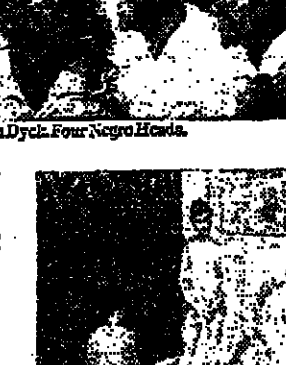
Rembrandt, Self-portrait, 1660/1091.



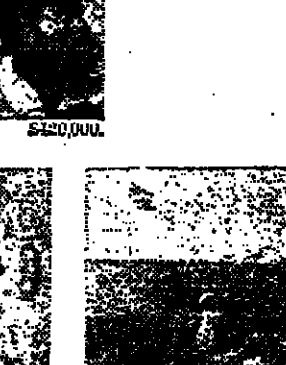
Van Dyck, Four Negro Heads, 1640/1091.



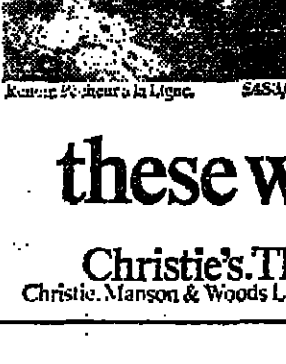
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Rembrandt, Self-portrait, 1660/1091.

these were sold at Christies.

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Christie, Manson & Woods Ltd., 3 King Street, St. James's, London SW1Y 6GT. Tel: (01) 839 9600 Telex: 916429

Government and TUC New progress Social priorities

Mr Healey, the Chancellor, met members of the TUC on Wednesday and the Labour Party conference on Thursday. The Chancellor, who is expected to announce a new social priorities document on those lines, retaining items "still on the agenda", is expected to announce for consideration by the TUC in September and the Labour Party conference a month later.

Tomorrow Mr Healey, the Chancellor, meets members of the TUC economic committee for discussions on what should follow phase two of the incomes policy when it expires at the end of next month.

The unions will tell him that they are firmly committed to making the current phase of incomes policy, with its 24 week limit, run for its full period, which for some means mid-1978.

Moreover, they will leave the Chancellor in no doubt that the unions' ability to hold their members to any form of pay restraint will depend to a very large extent on what the Government does to control prices. They are also looking for further action to reduce unemployment, particularly among the young.

The talks with Mr Healey will take place as the Amalgamated Union of Engineering Workers seeks this week to secure three million workers in the shipbuilding and engineering industries to a militant policy of completely free collective bargaining.

Harold suggests way Breaking deadlock

Mr Harold Wilson, the Prime Minister, has suggested a way of breaking the deadlock over devolution. He said that the Labour Party should not be in a position to say "no" to a proposal in the Commons. He said that the Labour Party should be in a position to say "yes" to a proposal in the Commons. He said that the Labour Party should be in a position to say "yes" to a proposal in the Commons.

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Under way Dillon's hop

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Risky tangle for parachutist ends in triumph

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Answers in Parliament

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Beating the drum Boys of Christ's Hospital School, Horsham, West Sussex, beating retreat. The school's dance band is an entrant in next month's festival organized by The Times Educational Supplement and the Association of Musical Instrument Industries.

Pornography law 'must be specific'

Mr Wilson, the Prime Minister, is expected to announce a new pornography law. He said that the law is expected to be a record. He said that the law is expected to be a record.

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Warning on the Queen's plants

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Second jubilee tour in Wales and North-west

By Penny Symon
The Queen today embarks on a week of meeting her subjects in the North-west and Wales, watching the younger ones perform in a variety of pageants and displays and seeing the older ones at work in factories and at exhibitions.

She and the Duke of Edinburgh will use a car, the royal train and the royal yacht, Britannia, for the tour, the second in the jubilee series.

Today's events are to include an exhibition prepared by about 1,500 schoolchildren in Preston. Also mounted there is an exhibition of important export earners: exhibitors include British Leyland truck and bus group and the British Aircraft Corporation.

This afternoon the royal couple go to Greater Manchester, tonight there is to be a special performance in the Palace Theatre, Manchester.

Tomorrow the tour moves to Merseyside. While in Liverpool, the royal couple will go to the Roman Catholic Metropolitan Cathedral and then drive in the state Range Rover down Hope Street, where children will line the pavement and perform a pageant, to the city's Anglican cathedral.

On Wednesday in Harlech the Queen and the Duke will walk round the castle, one of the garrison points established by Edward I to complete his mastery of the Welsh. The castle was finished in 1255. At Porth Penryn the Queen will open a Tote H. adventure centre; then the royal couple will continue to Holyhead to embark in Britannia.

On Thursday they are scheduled to visit Bangor, where a service of thanksgiving will be held. The Queen will include a service of thanksgiving at Llandaff Cathedral and lunch at the City Hall. A festival of young people will be held at Caerphilly Castle, where the Queen will receive a replica of the bouquet she carried at her coronation and the Duke of Edinburgh will be given a large Caerphilly cheese. It has been made at a local farm because the cheese is no longer made in the town.

The tour ends on Saturday morning when the royal couple fly home from Glamorgan. No cost to taxpayer: The Queen's silver jubilee celebrations will cost the taxpayer nothing, Mr Rees, Home Secretary, announced in a written Commons answer on Thursday that costs to central government funds will be more than offset by the proceeds from the sale of jubilee crown pieces and souvenir medallions.

Mr Rees added: "We have no central record of local government spending on the celebrations, but local authorities were asked to bear in mind the Queen's express wish that there should be no undue expenditure."

A symbol of authority: Britain as a nation needed the authority of a leader, the Archbishop of York, Dr Blomfield, said on Saturday to the York diocesan synod at York University.

The Queen represents a certain kind of authority principle without which civilization is impossible," he added. The Queen's jubilee stood for "an affirmation of the principle of authority which has been eroded by an unthinking egalitarianism."

Behind the cheering, one might discern a certain confidence in our national institutions.

New ways of saving children from delinquency

By Pat Healy
Social Services Correspondent
About 10,000 children appear before juvenile courts in London each year, and in one borough alone between 450 and 600 are estimated to play truant from school every day. Those figures provide the background to an important seminar being held in London today to discuss little known but highly successful methods of helping children to avoid delinquency and residential care.

The seminar, organized by the Department of Health and Social Security and to be chaired by Mr Ennals, Secretary of State for Social Services, will consider "intermediate treatment", an umbrella term for a wide range of projects introduced under the Children and Young Persons Act, 1969.

Intermediate treatment covers all kinds of special help for children between the extremes of leaving them at home under the supervision of social workers and removing them from their homes to residential schools or homes.

Although many local authorities and voluntary organizations have evolved imaginative intermediate treatment schemes in the past four years, they have done so against the tide of public opinion. Dr Norman Turt, principal social work officer at the department, points out in a paper prepared for the seminar that the philosophy behind the Act, that children in trouble need treatment rather than punishment, has not been carried out in practice.

There has been a big increase in the number of young people being sent to detention centres and borstals in the last five years, he says. The reconviction rate for children aged between 15 and 17 is higher than for older people, and the lower age group represents an unprecedented quarter of the borstal population.

It appears that the latter part of the 1970s may in retrospect be seen as a time in which there was a significant shift of public opinion to a more punitive approach of dealing with young people, in the same way that the 1960s now appear as an age of belief in treatment.

Yet one intermediate treatment project in Haringey, London, has halved the number of children going into residential care, and of 150 children taking part in such projects in the borough, only 20 committed further offences.

Intermediate treatment is not solely concerned with potential delinquents. Projects are also aimed at truant children, with behavioural difficulties at home or school, and those not doing as well as they should at school. Many programmes have demonstrated that education and social services officers can cooperate well together.

In Waltham Forest, for example, a centre has been established jointly by the education and social services departments to help children with difficulties, or who had committed offences, or were likely to. The children remain in their normal schools, attending the centre on a part-time basis.

A similar project in Birmingham, 870 House, is run by a voluntary organization using a pool of more than thirty professional social workers, teachers and psychologists on a part-time basis. It provides a day-care programme for adolescents, particularly those with school difficulties, and provides varied activities in the evening, including canoeing, gymnastics, diving and drama.

British Airways will get you to the USA.

If the British and American Governments have not renewed the agreement on North Atlantic services by Wednesday, June 22, neither British nor American airlines will be able to fly direct from the U.K. to the U.S.A.

However British Airways have made arrangements to get you to your destination via transfer points in Canada and the Bahamas (see table below).

If agreement is reached, then flight schedules will operate normally.

DESTINATION	ORIGINAL FLIGHT NO.	NEW FLIGHT NO.	NEW DEPARTURE TIME	ROUTE
From London to:				
New York	BA 501	BA 6501	1145	via Montreal*
	BA 509	BA 6509	1435	via Montreal*
	BA 591	BA 609	1515	via Montreal*
Boston	BA 561	BA 6501	1145	via Montreal*
		BA 6509	1435	via Montreal*
Washington	BA 521	BA 6501	1145	via Montreal*
	BA 579	BA 6509	1435	via Montreal*
Philadelphia	BA 561	BA 6569	1345	via Montreal*
Chicago	BA 569	BA 6569	1345	via Montreal*
Detroit	BA 521	BA 6599	1530	via Toronto
Los Angeles	BA 599	BA 6599	1530	via Toronto
Miami	BA 661	BA 2661	1100	via Nassau
From Manchester and Glasgow to:				
New York	BA 539	BA 659	1140	via Montreal*

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British airways

HOME NEWS

Fianna Fail victory may harden attitudes in Ulster

From Our Correspondent Belfast

Mr Lynch's decision to seek talks with Mr Callaghan on Northern Ireland has renewed suspicions in Ulster that Dublin has reverted to a more fundamentalist republicanism and will exert growing pressure on Britain to reassess her role.

Mr Lynch's criticism of direct rule, which is regarded in unionist circles as interference in the affairs of the province, comes at a time when there are signs of wider acceptance of the present administration, and in particular a wider recognition of the efforts being made on the economy and on security.

Nevertheless, those who look to Dublin rather than to London will be encouraged to take up a more intransigent attitude, something that would almost certainly be matched by a harder line on the unionist side.

The Provisional IRA, too, although opposed to Fianna Fail policies, might point to Mr Lynch's majority as evidence of a desire in the South for a united Ireland, although the border played little or no part in the election contest.

Mr Harry West, leader of the Official Unionist Party, said

yesterday that he was surprised at the mood of the southern Irish people, in view of the fact that the coalition Government had seemed to be tackling the IRA in a realistic way.

The new administration, with people like Mr Haughey playing an influential part, is not good news for Northern Ireland, he said. "I was always opposed to any interference in Northern Ireland affairs from outside the UK, and by Eire in particular, but my worry today is over security, particularly if the IRA return, more freedom in the Republic."

There was no doubt, he said, that in Ulster the IRA would be encouraged to carry on the fight.

Mr John Taylor, a former Stormont Cabinet minister, described the rejection of the Cosgrave Government as a alarming development. The return of a Fianna Fail government would mean that the two articles in the Irish Constitution claiming jurisdiction over Ulster would not be removed.

Mr Gerard Fitzgibbon, leader of the Social Democratic and Labour Party, said he could see no dramatic change taking place in the South, but that the border played little or no part in the election contest.

Mr Harry West, leader of the Official Unionist Party, said

No change is expected in Anglo-Irish relations

From a Staff Reporter

Barnsley

The British Government appears to expect no unexpected difficulties for Northern Ireland as a result of the Fianna Fail victory in the South.

Mr Mason, Secretary of State for Northern Ireland, said yesterday in his Barnsley constituency: "I have always kept in close touch with the South. Our relations are good and there is no reason why they should not remain that way."

Predictions by hard-line Ulster Protestants, particularly Mr Ian Paisley, that the Fianna Fail success, coupled with attitudes struck in the past by the British Government, bodes ill for the people of Ulster, clearly do not worry Mr Mason.

He observed: "We, Britain and the Irish Republic, have always been agreed that terrorism is the common enemy of us all. The terrorists, whatever their alleged aims, are challenging the authority of governments and it is in both our interests to defeat them."

Mr Mason does not expect to meet Mr Lynch until after Mr Lynch has met Mr Callaghan, which he is expected to do within the next two weeks.

Leading article, page 15

WEST EUROPE

Señor Suárez may find his majority among Basques and Catalans

From Our Correspondent

Madrid, June 19

One of the main problems facing Spain's next Government was illustrated today when Basque congressmen and senators, elected in the general election, demanded the re-establishment of their autonomous government, which was suppressed by General Franco.

More than 30 of the 42 congressmen and senators from the Basque country went to Guernica, the spiritual centre of the region, and swore allegiance to their traditional rights beneath the famous oak tree at the Casa de Juntas.

They then went to Ascaín, in France, to recognize formally Señor Jesus Maria de Leizaola, President of the Basque Government, which was established in 1936 just after the start of the civil war. Its members then swore allegiance under the same tree. This time the politicians formed a parliamentary assembly of Euzkadi (the Basque country).

In the Basque country, the Workers' Socialist Party won nine Congress seats; the Basque nationalist party eight; the Democratic Centre Union, seven; the Basque left, seven; and the neo-Francoist Popular Alliance, one.

In the Senate the autonomous Proem, comprising the Workers' Socialist Party, the Basque nationalists and others won 10 seats and the Democratic Centre Union five. These results were an overwhelming victory for the movement in favour of autonomy.

Particularly noteworthy was the fact that several of those who went to Guernica were members of the Democratic Centre Union, whose attitude towards granting autonomy is ambivalent.

Informal sources said that Señor Suárez, the Prime Minister, may try to make a pact with the Basque nationalists to form a coalition government.

Another headache he faces will be the problem of whether his centre remains a cohesive group in parliament. Formed out of 12 small parties, it is an unknown quantity when it comes to voting.

Leaders of all the main political parties, except the Popular Alliance and the Democratic Centre Union have signed a joint statement calling for a committee made up of the parties and other representatives to supervise Spanish television.

They said the state television service needed to be changed profoundly. It has been criticized widely for its sycophantic attitude to the Government and its reluctance to criticize. Political leaders proposed a supervisory committee to act as watchdog until Parliament reformed the service.

place. The election results there, as in the Basque country, were a clear victory for the forces favouring autonomy. The Workers' Socialist Party, which formed an electoral pact with the Catalan Socialist Party specifically over autonomy, won 15 Congress seats; the Democratic Centre Union 11; the Basque left, seven; and the neo-Francoist Popular Alliance, one.

In the Senate almost all of the 16 seats went to the parties favouring autonomy, including the Socialists and two pacts among the Liberals, Christian Democrats and various left groups including the Communists.

The King is due to meet a delegation of Catalan socialists on Tuesday and some time this week a meeting will be called in Barcelona to demand the re-establishment of the 1932 autonomy statute and the return from exile of Señor Josep Tarradellas, President of the Generalitat, the Catalan autonomous Government.

Señor Suárez, who is expected to form a new government within a week, may try to make overtures to Señor Jordi Pujol, head of the Democratic Centre Union, one of the three groups in the Democratic Pact with 11 Congress seats.

With his support and that of the Basques Señor Suárez would then have an absolute majority in the Congress, without having to look to the Socialists or to his right, the Popular Alliance, which is considered out of the question in any case.

Señor Suárez would not accept a ministerial offer, as the pact wanted to work for autonomy.

If Señor Suárez makes offers to Basque and Catalan groups he will have to convince them of his sincerity about returning the autonomy statutes.

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The Pope kisses a model of the Liberty Bell which contains a relic of St John Neumann, who was canonized yesterday.

American missionary becomes a saint

From Patricia Clough

Rome, June 19

John Neumann, who was Bishop of Philadelphia, from 1850 to 1860, and as a missionary worked selflessly among the immigrants to the United States, was canonized today.

An estimated 30,000 Americans were among the crowd in St Peter's Square as the Pope declared Bishop Neumann a saint. The majestic ceremony contrasted sharply with the poverty and humility of St John Neumann's life.

Against the backdrop of a portrait of the saint hanging from the facade of the basilica, the Mass was celebrated by Cardinal Krol, Archbishop of Philadelphia. Among the 10 concelebrants were Cardinal Cooke, Archbishop of New York, Cardinal Cody, Archbishop of Chicago, and the Apostolic Administrator of Prague, Mr. Frantisek Tomasek.

In the crowd were an Italian girl, Eva Benassi, and two youths from Philadelphia, Kent Lesahan and Michael Flanagan, whose recoveries from peritonitis, a crushed skull and bone cancer respectively have been officially declared miracles worked through the intercession of St John Neumann. It was these miracles, combined with his life of selfless dedication, which cleared the way for his canonization.

The son of a German-speaking family from Prachitz, in Bohemia, John Neumann was born in 1811. He was a seminarian of 25, responded to an appeal for more clergy to minister to the influx of German immigrants into the United States.

He travelled like the immigrants of the day, crammed on to a three-masted ship with little food, a straw mattress, to sleep on, his own food and a pot to cook it in.

Immediately ordained by the Bishop of New York, he started as a missionary among settlers in New York State.

His was a life of log cabins and long journeys on foot or horseback over bad roads or none at all, teaching, preaching, baptizing and caring for people so poor that often he had no food to offer him. Within four years he had a physical collapse.

Realizing that he needed the support of a religious order he joined the Redemptorists, who were working among immigrants.

When his exceptional spiritual qualities prompted the church hierarchy to nominate him Bishop of Philadelphia, he tried to dissuade them, but finally was ordered by the Pope to accept. "Under obedience and without appeal,"

Communists to have bigger say in Italy

From Our Correspondent

Rome, June 19

Communist and Christian Democratic leaders today pressed satisfaction with political situation in Italy after the general election which brought the Communists to the threshold of government. June 20 last year left without any feasible means majority. The result the minority administration by Signor Cossiga. And which, given its existence, abstention by the Communist and other parties on confidence votes in Parliament.

The anniversary finds the usually resistant arrangement about to be modified so give the Communists (and abstaining parties) a vote government policy.

Within a few days—probably on Friday—these parties will reach an agreement on legislation, including law and measures, which the Government will present to Parliament. Signor Andreotti comes with evident satisfaction, the situation reflects the theory that Italy is ungovernable.

Signor Benigno Zaccagnini, secretary of the Christian Democrats, said the party had done its duty. It resisted the pressure of the "clashes or a reckless race to new elections, or who had about a new majority which could only be desired."

The most realistic was Signor Enrico Berlinguer, the Communist Party secretary. In the past 12 months, he had hoped to see the party come up to an extremely serious difficulty which, have shaken the fibre of Italian society.

After the Communist advance in the election, the left wing of the party had thought that "game was won and everything was going to be easy."

The truth was that the red had brought a political crisis, but one which was only to the risk of being brought also to a moderate backlash.

All in all, the Communist and other left-wing parties achieved progress. But not full success, at the speed and in manner required for any overhaul of the country but to tackle, day after day, kinds of drawbacks, obstacles and setbacks.

Signor Berlinguer, defying the "well-calculated and frugal" as those, including members of party, who misunderstood Communist were being "led" by the Christian Democrats.

On the contrary, he said, Christian Democrats had made to come to terms with Communists, not of their initiative but as a result of Communists' electoral advance and political strategy.

Centre for church rights opens

From Gerald Spitzer

Berlin, June 19

The Brulwitz Centre, named after Pastor Oskar Brulwitz who died last August after fighting himself on fire in protest against East German's policy towards the church, opened today in West Germany.

It is run by the Christian Pastors' Study Group and will collect information on violations of human rights in East Germany, particularly in matters concerning freedom of religion.

The naming was against wishes of the East German's testant churches, and church leaders in West Germany, who in turn those of pastor's widow.

The church leaders fear that it might affect the relations between East German's testant churches and West German churches.

Some of the original supporters of the idea, such as R. Gerhard Schröder, the former West German Foreign Minister, are now in the East German Democratic Union, with their support.

Last Monday a protest, organized at Hildesheim against the setting up of the Brulwitz Centre. On the eve of opening the leadership of the Westphalian church made a effort to prevent it.

The centre is supported some 200 people mostly in West Germany. The Christian Democratic Union including Dr. E. Filbinger, the Prime Minister Baden-Württemberg.

Inquiry to focus on £600m nuclear contract

By Pearce Wright

Science Editor

The terms of the £600m contract being negotiated by British Nuclear Fuels to reprocess large quantities of spent nuclear fuel from Japanese power stations will form a focus for controversy when the Windscale inquiry is resumed today.

The proposals being considered by the tribunal, which will hear objections from more than 30 national and local organizations and individuals, are for the construction of a new type of oxide nuclear fuel reprocessing plant costing £500m.

Today the cross-examination will be conducted by Mr. Coningsby Allday, managing director of British Nuclear Fuels, by Mr. Raymond Kidwell, QC, for Friends of the Earth, focusing on the terms of the Anglo-Japanese contract. Mr. Allday has claimed commercial confidentiality for the draft contract.

Mr. Justice Parker, the president, accepted the need for confidentiality between readers but he also recognized Mr. Kidwell's claim for matters in the contract affecting public safety to be assessed.

An arrangement made with Lord Silcock, QC, for British Nuclear Fuels, after the inquiry adjourned for the weekend, has allowed Mr. Kidwell to examine the 140-page document in private without news to decide if he accepted the proposals and the assurances about its contents.

Whatever Mr. Kidwell's assessment may be, counsel for other objectors would almost certainly need the very least, similar facilities.

Dismiss Exmoor committee, society urges

By a Staff Reporter

The Exmoor Society has called for the dissolution of the Exmoor National Park Committee and its replacement by a body committed to the national park ideal.

In evidence to Lord Porchester's inquiry into the proposed Exmoor National Park, the society said Exmoor was designated as a national park largely for its open moorland, but that area had diminished steadily over the years.

The society said that a recent statement by the committee that the enclosure and agricultural improvement of Exmoor should be generally accepted was totally at variance with national park legislation.

It also called on the Government to implement the proposals made by the Devon and Somerset county councils in 1968 for conserving the moorland. Those proposals would involve the committee to issue amnesty conservation orders, with compensation to farmers for any consequent loss of income.

A new vessel to control North Sea oil crises

From Ronald Faux

Peterhead

Quaintly named and curiously shaped, Uncle John sailed across Peterhead harbour at the weekend to demonstrate that Britain now has effective machinery for dealing with any future Ekofiskian disasters.

A group of senior government representatives, including Lord Kearton, chairman of the British National Oil Corporation, saw the £18m semi-submersible, dynamic positioning vessel arrive from the builders in Norway.

Designed for a wide variety of tasks, from seabed welding in 600-ft depths to fire-fighting on the surface, the Uncle John is flexible enough to earn a conventional living in the North Sea while waiting, yet capitalise on the inevitable next disaster.

The vessel looks like a normal rig, but in fact will move at 12 knots under its own power. Using variable-pitch propellers and computer control, it can maintain a huge stable platform in one spot without the use of anchors.

Mr. John's uncle, chairman of Houlder Comex, after whom the vessel is named, claimed that no other barge in the world could handle oilfield disasters so comprehensively. If

a platform caught fire after a blow-out, for example, threatening to melt the steel and cause uncontrollable pollution with raw oil, Uncle John could maintain a cooling deluge of water indefinitely even in a Force 12 wind.

But other things can go wrong in the North Sea. "A representative of Uncle John said that the vessel could form fires and very little about the consequences of a major pipeline fracture," Mr. Houlder said. "We think it is very likely that such an incident will occur from some unforeseeable cause."

"If it took place in winter the Uncle John is the only barge that could insert temporary plugs to prevent a major escape of oil and subsequently get the pipeline back into production without prolonged delay."

Mr. Houlder has urged oil companies to pay a stand-by fee to keep Uncle John mobilized for instant action throughout the winter when the vessel is unlikely to be employed in normal welding and pipe connecting operations. He argues that if there was a major incident in the northern North Sea, where the weather was notoriously bad, it could be some time before assistance was provided.

Seeded teams in semi-finals of bridge contest

By Our Bridge Correspondent

The quarter-final stage of the bridge teams championship of Great Britain for the Gold Cup was reached on Friday at Blackpool after nine months of knock-out matches from an original entry of 128 teams.

The four seeded teams, led by J. M. MacLaren, B. Posner, W. J. Pencharz and R. D. Bretherton, reached the semi-finals, though Bretherton's match against J. M. White was closer than the final score would indicate, as his team won only 11 points up with eight bids remaining.

In the semi-final round on Saturday Posner's team, the beaten finalists in 1975 and 1976, was never in danger against Pencharz, building up a steady lead for a final margin of 59 points.

The other semi-final ran contrary to expectations when Bretherton's team got off to a flying start against Scotland. Quarter-finals: J. M. MacLaren (Scotland) beat A. Williams (Scotland) by 46 pts; B. Posner (Wales) beat J. J. Lawrence (Scotland) by 40 pts; J. Pencharz (Wales) beat J. M. White (Scotland) by 59 pts; R. D. Bretherton (Wales) beat J. M. White (Scotland) by 59 pts.

Semi-finals: B. Posner, W. J. Pencharz, R. D. Bretherton, J. M. White (Wales) beat J. M. White, A. Williams, J. J. Lawrence, J. Pencharz (Scotland) by 59 pts; J. M. MacLaren, B. Posner, W. J. Pencharz, R. D. Bretherton (Wales) beat J. M. White, A. Williams, J. J. Lawrence, J. Pencharz (Scotland) by 59 pts.

Jewish group protests at ban by students

By a Staff Reporter

Protests have been sent by the Anglo-Jewish Association, a leading Jewish educational charity, to York University and the National Union of Students after the decision of the York students' union to withdraw recognition of the Jewish Society there.

Mr Victor Lucas, president of the association, has written to Professor George Cairns, vice-chancellor of the university, stating that the expulsion, reminiscent of the dark days in the universities of Germany, particularly at the University of Frankfurt, has sent its letter of support to those who are supporting the expulsion.

In a letter to Mr Charles Clarke, president of the NUS, Mr Lucas says that anti-Zionism "is being used as a disguise for anti-semitism."

Colorado beetle alert

A live Colorado beetle, which destroys potato crops, has been found at Peasenhay, Sussex in the garden of a house whose owner recently bought some imported Greek potatoes.

Poland fears Baltic 'Cold War'

Warsaw, June 19.—Poland opposes Sweden's decision to extend its territorial fishing zone to a line in the middle of the Baltic Sea, saying it raises the possibility of a Baltic "Cold War."

The Gdansk newspaper Dziennik Baltycki described Sweden's demands as unjust and said the move would give eight million Swedes half the possibilities of a Baltic "Cold War."

The newspaper said Poland believed the best protection for Baltic fishing lay in the fishing quotas imposed by the Gdansk convention. If one country supports the other, it would be a system for checking catches should be created.—Agence France-Press.

Newspaper hopes to continue printing in Paris

Paris, June 19.—The publishers of the English-language International Herald Tribune have said that labour printing at the newspaper's Paris printing plant could eventually lead to its head office being moved to another city.

In a front-page statement yesterday, the publishers said the paper was planning to move after 90 years in Paris. It is owned jointly by the Whitney Communications Corporation, The Washington Post and The New York Times.

"Strikes have made it impossible for us to serve our readers and advertisers, not only in France but also in the 123 other countries in which we circulate our paper. Reuter

will be presented to the FAO conference in November for final approval.

Mr Edouard Saouma, the Lebanese director-general of the United Nations Food and Agriculture Organization (FAO), has obtained the approval of its council for a 23.3 per cent increase in the budget for the two-year period 1978-79.

The proposed budget of \$206.8m (£121m) compares with \$167m for the current two-year period.

More than 70 per cent of the increase takes account of expected inflation over the next two years. Details of the budget and 1978-79 programme

Mitterrand rejects compromise

From Charles Hargrove

Nantes, June 19

Three quarters of the local Socialist Party associations throughout France supported the leadership before the opening of the three-day party congress at Nantes, which ended today, and only one quarter of them backed the minority left-wing party secretary.

The congress, which was an overwhelming desire of the part of the delegates that a compromise between the two groups would be reached.

But it was not to be. M. Francois Mitterrand, the Socialist Party secretary, said the man who in the short space of six years has built it up to its present powerful position, was sufficiently sure of his strength to refuse a compromise. He was also conscious of the immense difficulties the party would face if it wins next year's general election to accept any measure which would weaken his authority.

A party in power, in his opinion, cannot afford the luxury of the kind of internal debate enjoyed by a party in opposition. He said so today, in an unbroken, firm, in a masterly two-hour speech.

It was not for want of trying that no compromise was reached. The resolutions com-

promise had argued all night but the differences between the two factions on nationalization, economic policy, relations with the communists, and on Europe were too great to be bridged, as yesterday's general policy debate demonstrated.

M. Michel Rocard, the former secretary-general of the extreme left-wing Parti Socialiste Unifié, said he was disappointed. "A victory of the left in France, after 20 years, would give rise to the hope that many things could be done at once. But our plan, nationalization, cannot be achieved all at once and disillusion would set in, which would weaken us."

M. Gaston Defferre, the Mayor of Marseilles, who claimed to adopt a position halfway between the majority and the minority, asked the Congress: "Do you agree to help organize a real popular movement without lapsing into leftism and to implement the policy we agree on?"

When one belongs to the workers' party, the first commandment is to accept party discipline, like the rest of us. How can we conjure up a great popular movement with the election of a government which is not agree among ourselves?"

M. Jean-Pierre Chevènement, the leader of the Centre and deputy for Belfort, claimed that

he was all for compromise, but not on the basis of his group's "original" ideas. "We must not be pushed, nor to hurry," was his motto.

"I do not contest François Mitterrand's right to determine the order of battle. In great things, we shall always be with him," he said. "We must not be pushed, nor to hurry," was his motto.

He thought that the Communists' estimated high cost of the "common" programme was not acceptable, and that M. Rocard's "traditional" neo-liberal economic policy was no more so.

He also believed that the Treaty of Rome would have to be renegotiated so that the "internationalism" on which it was based, did not ruin the socialist experiment.

M. Chevènement's insistence on demand for a clearer definition of policy was precisely what Mitterrand seemed most anxious to avoid. In order not to hurt himself.

"We must sacrifice the tactical aspects of our programme to the strategic purposes," M. Mitterrand said.

14 hurt as Swedes battle with refugees

Södertälje, Sweden, June 19.

Fourteen people were injured when about 250 young Swedes fought a pitched battle with refugees from the Middle East.

Bicycle chains, iron bars and broken bottles were used in the savage battle which apparently began with an argument in a restaurant between a group of young Swedes and four of the immigrants known here as Assyrians.

Among the injured were a police officer and a young woman who was disfigured after being smashed in the face with a bicycle chain.

One report said the Swedes belonged to a ragged gang, the Swedish word for hands of which was about in cars looking for trouble.

In recent months ill-feeling among young Swedes has grown over the treatment given to refugees by the authorities. There are some 6,000 Assyrian refugees in Sweden, most of them from eastern Turkey—now in Sweden with about half of them living here in Södertälje.

Swedes complain that the Assyrians are able to live a "life of luxury" without having to work too hard because of the aid given to them by the social services.

The Assyrians constitute the biggest refugee group accepted here since the 1958 Hungarian revolution.

The ethnic group is estimated to number about four million throughout the world. In Turkey, Lebanon, Syria and Iraq they are a minority people with their own language and Christianity or their religion.—Agence France-Press and AP.

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LOW TO MIDDLE TAR GROUP As defined in H.M. Government Tables.
EVERY PACKET CARRIES A GOVERNMENT HEALTH WARNING

THE ARTS

Attenborough's war

been reasonable critical success in Britain (*Oh What a Wonderful War* and *Young Wives Tail*), but out of which also lost money on the world market. Can you imagine how many more commercially successful directors had been queuing up for this one?"

But Attenborough's whole career (one which goes back to a film debut when he was just 15 in Noel Coward's 1942 *Invitation to a Beheading*) has been based on bawling forward usually from an unpromising starting line, and in Levine's offer he saw, he says, the chance to boost an ailing British film industry:

The crew on this was 100 per cent British and it did the works well, at least it's a reminder that we can still achieve quality and consistency in films. We finished it under budget and 12 hours ahead of schedule. I think it's a shame to think Joe's courage is touched with a kind of lunacy: he was personally committed to the banks for that \$25 million, and before he began to get any of it back from overseas sales of the film."

A Bridge Too Far (the title derives from General "Boy" Browning's memorable definition of what went wrong) was the last film he made at which, since it was razed by the Germans in retaliation for the residents' support of their allies, is now a mass of high-rise apartment blocks:

"I'd planned mainly to do *Attenverste* and *Nijmegen*, and we had to do the parachute drop and all the bridge work in a terrifyingly short space of time, since there's a limit to how long you can keep the bits of Calais for. We'd set up the actual rehearsal, it and then our 13

camera crews in, all shooting from close newscast kind of angles—now that, since Vietnam, we've become so accustomed to the televising of war, the old-fashioned wide-angle shots just don't seem convincing any more."

Despite the presence of such like Sir Brian Horrocks and the American General James Gavin among the film's advisers, *A Bridge Too Far* has almost certainly been made by those who think Robert Redford is being allowed to inherit the old Errol Flynn American-the-rescue role, and others who think that the portrayal of Browning by Dirk Bogarde must be less than wholly true to his memory. Browning's widow, Dame Daphne du Maurier, though she has not yet seen the film, is reported to be uneasy about it. Attenborough believes her fears are groundless.

"We have been immensely careful about documentary reality, and there's no major event or dialogue sequence in the film which is not fully authentic," the Americans certainly not given any more credit in the film than they have a right to, and Browning's character is very carefully drawn and played. But when we see a soldier in American action what were we supposed to do, forget it?"

And Attenborough—surely, had of all people made enough bad war films as an actor to know how to avoid, falling into the same old sentimental American action what were we supposed to do, forget it?"

And Attenborough—surely, had of all people made enough bad war films as an actor to know how to avoid, falling into the same old sentimental American action what were we supposed to do, forget it?"

Well, they weren't all bad! I'd have you know, but, agreed, I certainly tried to avoid the clichés of gallant under-officers and jovial company sergeants. Unfortunately, you can't make a movie that's not a little bit sentimental, and I have to rely on sentimental to make a



Richard Attenborough

point quickly, and where the action is as complex and as swift as it is here you have to rely on star faces for immediate audience identification. The idea of using 'unknowns' was very tempting, but in the end the audience simply wouldn't have known which General they were looking at. If you have Caine, Connery, Gould, Hackman, Redford, you know that the moment they appear or reappear on the screen the audience knows



and Robert Redford.

who they are and what the stand for, so you can go straight on with the story."

What, then, are Atterborough's hopes for the film? "I hope it will come across as strongly as *Oh, What a Lovely War*, because if it does then the impact will be that much greater—this time they can't say 'that was sixty years ago, we all know better now' because *Armistice* is within living memory and nobody safely into the past wearing



funny helmets. Anyone who makes a war film which is not fervently anti-war should be locked up; but what we're saying here is that the soldiers involved were no more stupid than anyone else. In the states we're in now, we could have used that whole generation who sacrificed thirty years ago, and if it says anything the film says for God's sake don't let's do it again—ever."

Sheridan Morley

The opera, for such it is called, treats the story of the Orkney earl and saint as it is told in the sagas. The author, the Orkney poet George Mackay Brown, Davies had adapted his own text from the book, praising the life and death of the saint as a dramatic foundation, and ritual sacrifice.

Blind Mary, the Orkney Norn, begins the action with a low-slung, meaningful song, and the story is told in the style of the Viking world of savage heroism with a splendid scene at the Battle of Mael Strait. Masked herds of Norway and the Orkney are featured, and the good, content, in words while war is waged in the music, as Magnus, in the first of several scenes, is slain and molwenes, the Orkney goddess, is raised from his pet, in the ship. A whooping horn at the

"Loom now is ser" was Magnus' guardian spirit says to him as the scene opens on a scene. Now joint ear of Orkney with his cousin Hakon, he is faced with temptations away from the court of chosen victim, the king. In *Murder on the Cathedral*. He refuses, and the inevitable result is internecine war as a road to sacrifice. Magnus journeys to the island of Orkney, where he meets Hakon, where Hakon resolves to murder him.

There is much in these scenes that is wild and strange, full of the blood and the "burns of Davies' Orkney scores." But at this point there comes a full return to his vicious earlier manner. The scene ends with news reporters run round shouting the odds, shining torches

Into the faces of the audience, while the instrumental ensemble plays a snap-shot history of western music in parody. The martyrdom itself is played as a hysterical butchery. Blind Mary then reappears, miraculously regaining her sight at her saint's tomb, but only to sacrifice to a perpetual cycle of suffering.

The faking of the opera, at the very moment when it should have been the most sincere, is that he has no way due to any fault in Saturday's premiere. Outstanding among the cast were Neil Mackie as Macguff, Michael Reilly as the priest, and Peter MacPempster and Mary Thomas as Blind Mary. Davies himself also conducted a thrilling musical performance and Murray Melvin stylized singing against the cold late northern night.

Never a du

Essays and Papers

By A. N. L. Munby

Edited, with an introduction
by Nicolas Barker
(Scolar Press, £10)

A book collector in Toronto told me recently that, although he had neither met nor corresponded with A. N. L. Munby, the news of his death at the end of 1974 had left him with a sense of personal loss. It was a confession easy enough to understand, for there is something about Munby's writing which evokes an almost instantaneous response in the reader and within that response there is a curious intimacy and affection that warms the heart.

ull word

collecting" in its generally received sense. The subject range from the semi-biographical "John Maynard Keynes and the 'Collector'" to "Macaulay's Library" to the meticulous exposition of "The Distribution of the First Edition of Newton's *Principia*." One might have expected to find, among the papers of the unsung, unsurprising in the Master of Sir Thomas Phillipps) a deep concern for the process by which books and manuscripts travel from collector to collector, and great sympathy for collectors and keepers alike when they are confronted by the dispersal of treasures of national importance. The shortsightedness and reckless parsimony of government officials has a long tradi-

interfering female servant, Mrs. Lapper. Giving a strong contrast to feminine wiles, he allows the women larger shares in the plot and lets their machinations bring down the curtain on the Lovelords.

It is sometimes easy to reviewer to praise much less worthy efforts than this because what they try to do is so much more easily achieved. However, this is a mistake. If it is because a project is ambitious it is successful, Rhys McCannoch's production suffers from its awkwardness. The film's chief advantage well above the stalls for no visible advantage and provides a hollow no end time that the movie is a dull curiously hard pressed to maintain the economic tension, but their occasional moments of wit and the use of a large audience might have made for a more satisfying performance.

Johnny Gorman's Lovelord is a comedy, but when he is not slipping into an Irish accent he makes a jolly maven. An affair between servants, added by Field of the Irish, is a comedy. Some come turns in their childhood of Margie Leicester's Mrs. Lapper, while Mr. Lapper's communion with the approach is a surprise for comedy as is Vincent Trimble's admirable two-faced character. The supposed dark comedy with the daughter.

What is lacking is a constant focus on Fielding's vision, a celebration of the film's own making, which makes it so interesting.

RLPO/Dyfed Choir Llandaff Cathedral

Kenneth Lovelaud

Despite the reputation of its choirs, Welsh cathedrals have produced none of real distinction for them in the past 30 years, apart from two works. Daniel Jones's *The Crown Beyond the Stars* and William Byrd's *Mass for St Cecilia's Feast* shine like beacons. To these, however, must now be added Alun Hoddinott's *Sinfonia Aelua*, which filled the cathedral with such a spacious sound on its first performance at the recent concert of the Llandaff Festival.

Like Stravinsky in a similar situation, Hoddinott settles for a three-movement form, but uses a large orchestra and a text derived from three of the finest examples of spiritual medieval Latin verse. His success is in translating the exact spirit of each into a communicative and exciting musical sound within the substance of his own style.

In the setting of the St Michael sequence by Alcuin, the Yorkshiresman who taught at the court of Charlemagne, the music rose from a quietly understated and traditional harmonization to reach a fever of supplication proper to the

words. In *Ave Maria Stella*, the hymn to the Virgin of the sea, it is subtly more refined, and in *Vexilla Regis*, the Venantius Fortunatus hymn which was adopted by the crusaders, the solemnity of the earlier movements is replaced by something more positive.

The pattern is profoundly contrapuntal, with long lines of choral writing across a highly colored orchestral background in which all the usual Rodinotti devices are employed such as dark brass chords slowly expanding into massive splashes of percussion. Where the prayer or praise become protest, the soprano and tenor voices interpenetrate like silver threads high above the ensemble.

The music reflects vividly the spiritual ecstasy of the Latin text in a sense of confident richness and illumination. Sir Charles Groves, meticulous in matters of balance and pointing, ensured that for all the work's elaborate textures, all the detail was audible, and that the *Requiem*, *Dynasty*, and the *RIPO* were admirably blended.

Kenneth Bowen made the tenor line ring heroically, while Alison Pearce, a young soprano, splendid musician, searched for the right music to bring to the fore of time and conviction of spirit.

for you. Within it too, there is a Nicholas Barker says, the recognition that there, enviously, is a man "who could not, however unpromising the subject, write a dull word on any topic," and it is the good fortune of bibliographers, collectors, enthusiasts for manuscript studies that so much of his writing has been part of their not always gracious appreciation.

Neither this apparent specialism though, nor a rather forbidding title, should put the general reader off getting hold of this volume of Dr Munby's *Essays and Papers*. Almost certainly, if you are not already plunging into a bookshop where he ought to be buying groceries, or missing trains for the sake of battered folios, will relish the discerning assessment of much of his hopes and fears (and indeed his hopes and fears) as though a lunatic is at the insignificant price to pay for a lifetime's enjoyment," and one ensnared by such essays as "Florence, Bibliomania and the 2000 Willers," or "The 1930s" he may go on to discover unsuspected pleasures in Dr Munby's more detailed papers.

For one of the great attractions of *Essays and Papers* is the interest it may stir in topics which many people do not yet associate with "book-

quarianism; and that they were never learn by experience is soon to be demonstrated once more in the dissemination of the library of John Evelyn.

If any criticism can be levelled at *Essays and Papers* it is only that, through Nicholas Barker's concluding "List of A. N. L. Munby's publications," we do not know much treasure we have been deprived of. With so rewarding a writer, even the collected books and reviews would be worth having, to say nothing of the Catalogue and the *Index of Manuscripts and Bibliography of Science in England 1833-1845*, which is reported as "too long to be included." And how sad, too, that so much else might still have been written. Who could imagine that the *Notes* might have given of Sir Frederick Madden, just, on a smaller scale, he was the only author with the sympathy to tackle an account of what he called the "lost world of the *Old and Medieval Manuscripts* (OUP) "that sorely tried category, the wives of collectors." There is a glimpse of them here—the lady who claimed "to move at evening in the same circle as ever, bookish in Europe"—but how touchingly he would have given them a more permanent memorial.

Brian Alderson

Clifford Curzon
Snape-Maltings
William Marn

The weekend at Aldeburgh Festival brought a return to Snape of Purcell's *Fairy Queen*, in the Colin Graham version which I noticed favourably at its London premiere 10 days earlier. (It had been given a variety gala preview as the Snape Maltings just before that.) John Williams and Paddy Peña shared guitar recital, and Sir Clifford Curzon, a long-standing friend of Britten and colleague in numerous duets, was welcomed back to Aldeburgh for one of his rare solo piano recitals.

Sir Clifford's substantial pro-

accompanying figuration (all that is a feature of Curzon's Mozart playing, and a legacy of his erstwhile teacher Schnabel) is the expression was, nevertheless, much more subtle in manner). In the finale Curzon maintained simplicity yet turned the main subject's dance in a way new to me and delicately apt at its reappearance.

Schubert's last piano sonata, D. 960, is a Curzon specialty, the first two movements drawn out exquisitely and full of more or less genuine anxiety related to the full, as the piano is, and the scherzo (the veteran pianist still on the vanguard of the young creative musician), the scherzo a contrast of perfect innocence and the finale dogged and quite fast, tending to be impetuousness

Dutch dive

reveals the treasure to Axiel. Its brightness illuminates the souls; they are united in a mystic new life far above worldly gold which they leave behind for ever.

Mulisch's libretto is polyglot. French for the conveniences in France, German for the scenes in Axiel's castle, with multifarious digressions into Spanish, Latin, Egyptian and other languages, for symbolic purposes. For the two composers the dramatic and poetic contents suggested the intricate plots and arias of Wagner; what could be more dangerous? In the first two acts of the music travels in a leisurely way, sometimes grandly unembellished, sometimes in a chthonic atmosphere.

by the extent to which disaster was kept at bay.

The Concertgebouw Orchestra devoted one of its festival concerns entirely to contemporary Dutch music. Rudolf Escher's *Sinfonía* for 10 instruments long outstayed its welcome, efficient but un compelling music. Harry Sparay was the brilliant, eloquent soloist in an eventful yet ultimately nondescript concerto for bass clarinet and 32 instruments entitled *Incantation*, by Theo Loeferse. More words will be given later to Stefanus Houdis Symphony, the forerunner of an opera to be given later this year in Amsterdam.

The work, which is in four movements, opens with a fine extended melody for cor anglais.

which he has always been associated, works by Beethoven, Schubert and Brahms. It was delight to savour his mature, still springing response to Beethoven's so-called 'Temples' Sonata, Op 31 No 2 in D minor: there were the dark-toned, broken chords lingering in the ether like the harmonious recitations which emerge from them clearer; the lengthened staccato utterance; and exact articulation of the urgent, flowing tune that follows, the fully saturated colour of the treble and bass dialogue (*cross-hands*, abjured of their distinctive duetting); the more sinister drama of passionate outbursts, at the start of the development especially arresting, recalling Beethoven's ominous recommendation that 'the piano should break'.

In the Adagio, Brahms made that first floor writing even sound fully expressive, never ornamental, likewise the

An assorted group of late intermezzi and caprices by Brahms found Curzon sensibly unimpressed by the abundance of mood and infection, but often untidy, noisy, or fragile in application of his perilously featherweight touch. Some of these failings were to be remarked elsewhere, but could be condoned for the sake of his sensitivity behind the piano. Curzon was playing from music on his piano-desk; no musician will blame another for doing so. In his encores he played by heart. Schubert's F minor *Moment musical* was not only delightful but clear. After it Curzon played Brahms's *Intermezzo*, Op. 119 No. 3 (untidy the first time), and played it cleanly, with a firmer line and harmonic sense, as if to admit that he had been dissatisfied and wished to show how it really should go. It was his music, his and his husband's, and it was his to trust, and it was his to trust his audience's applause affirmed.

They are Reinbert de Leeuw and Jan van Vlijmen who worked with Harry Mulisch as librettist. A knowledgeable Dutch journalist, he drew their attention to Count Villiers d'Audoubert, the aristocrat's predecessor as symbolist play, *Axel*, a suitable material for the neo-romantic opera that they wished to compose. Mulisch abbreviated the text from five hours' speaking time to make a three-hour opera.

Axel (the diacresis was Adam's archaic conceit) conceals a rich family treasure hidden in a vault beneath the castle of an old German family. *Axel* von Auenberg, the present incumbent, knows of its existence but scorns to search for anything so materialistic, his mind intent on the quest for spiritual and philosophical riches. A girl from a Protestant school, the family discovers the secret during her months of initiation in a nunnery; she refuses the veil, escapes to Germany and

geered, thanks not least to George Reinhardt's sombre and strong stage production, and to the potent singing by Urpu Tuorola as the heroine Sarla. Michael Devlin in sterling voice as Axel, and Lillian Vissas as his headstrong brother.

The curious interview between Axel and his spiritual mentor Athanasius, represented in duplicate by two fine basses, Richard Gill and Dennis Wicks, is effectively staged, musically still cogent.

With the arrival of Sarla in the castle, the opera builds to a fine rock of Charles and her father Bayboth, and the music sinks into unmitigated and embarrassing echoes of *Parsifal*. Much effort and talent had been manifestly expended on the premiere of Axel: Hans von K's conducting of the Radio Philharmonic Orchestra was first class in respect. The premises of the whole enterprise were so suspect that one could be pleasantly surprised

scherso, agitated and harmonically enticing, then a slow movement, rather static in effect (perhaps more meaningful in a theatrical context), ending with six speech of the dying Houdini. In the choral finale Schatz draws voices and orchestra into an ethical and indeed noble resolution, direct and emotional in utterance, not unimpeached by Weill but distinctive in tone. It augured well for the forthcoming opera.

William Mann

Buller premiere: Sarah Walker and Timothy Walker, with the BBC Symphony Orchestra, will give the world premiere of a BBC Jubilee Commission, *Proença*, for large orchestra, mezzo-soprano, electric guitar, by John Buller, at the Royal Albert Hall on Saturday, August 6. The work lasts about 40 minutes.

A unique presentation of India

JUNE, JULY 1977

SANSKRITIK

10th FESTIVAL

ARTS OF INDIA

Illustration: Silver Jubilee Celebrations

PRESENTATION OF SONGS, MUSIC, DANCE, DRUMS,
MICAL AND TRADITIONAL, FEATURING SOME OF
INDIA'S FOREMOST ARTISTS
Artist Director: BINODRA BHATTARAY
QUEEN ELIZABETH HALL
25, 26, 28, 29, 30, 7.15 a.m., June 26 at 7.15 p.m.
Tickets 22.50, 22.50, 22.50, 21.00, 21.00
PURCELL ROOM, 25th June, 7.15 a.m. - 7.30 p.m.
Tickets 22.00, 21.50, 21.00



at the Bank of India, Kent House, 12-16 Telegraph St., E.C.2.

Never a dull word

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by Nicolas Barker
(Scolar Press, £10)

A book collector in Toronto told me recently that, although he had neither met nor corresponded with A. N. L. Munby, the news of his death at the end of 1974 had left him with a sense of personal loss. It was a confession easy enough to understand, for there is quality about Munby's writing which evokes an almost instantaneous response in the reader and within that response there is a curious intimacy and affection, a feeling that the words have been written only for you. Within it too, there is as Nicolas Barker says, the recognition that there, enviously, is a man "who could not, however well he might, be made to write a dull word on anything" and it is the good fortune of bibliographers, collectors, enthusiasts for manuscript studies that so much of his writing has been part of their not always graciously appointed literature.

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University

reveals the treasure to Azél. His brightness illuminates their eyes. German for the first time, myopic new life far above worldly gold which they leave behind for ever.

Mulisch's libretto is polyglot. French for the convent in the Pyrenees; German for the scenes in Azél's castle, with multilingual digressions into Spanish, Latin, Egyptian and other languages, for symbolic purposes. For the two comedians, the dramatic and comic contents suggested the influences of Satie and of Wagner; what could be more dangerous? In the first two acts the music travels in a leisurely, unhurried, untroubled, unpermitted, between Scylla and Charybdis; atmosphere is communicated, characters projected, thanks not least to Georg Reinhardt's sombre and subtle voice production, and to the potent singing by Ufru Nuoro, tamo as the heroine Sara, Michael Devlin in sterling voice as Azél, and Lieuwie Visser as his headstrong brother.

The curious spiritual beauty of Azél and his interview with Azélarius, represented in duplicate by two fine basses, Richard Gill and Dennis Wicks, is effectively staged, musically still cogent.

With the arrival of Sera in the castle, the opera is blown on to the rocks of Charybdis, unbalanced, unsteady, and sinks into uninhibited and embarrassing echoes of Parsifal. Much effort and talent had been manifestly expended on the premiere of Azél. Hans Vonk's conducting of the Radio Philharmonic Orchestra was superbly responsive. The premises of the whole enterprise were so suspect that one could be pleasantly surprised

ull word

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If any criticism can be leveled at *Essays and Papers* it is only that throughout the book, concluding "List of A. N. L. M. publications" included, we are shown how much treasure we have been deprived of. With so rewarding a writer even the collected books of reviews would have been inclined to say nothing of the California lecture on "The History and Bibliography of Science in England 1835-1845," which is reported as "too long to be included." And how sad, too, that so much of this material has been written. What a splendid biography Dr. Munby might have given of Sir Frederick Madden, just, as on a smaller scale, he was the only author who, the sympathy could be said to have been called in his book *Commoisseurs and Medieval Miniatures* (OUP) "that sorely tried category, the wives of collectors." There is a glimpse of them here—the lady who claimed to be an antique dealer and he could upside every bookshop in Europe"—but how touchingly he would have given them a more permanent memorial.

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The work, which is in four movements, opens with a fine extended melody for car anglais and cello. There follows a scherzo, agitated and harmonically enticing, ending in a slow movement, rather static in effect (perhaps more meaningful in a theatrical context), ending with the speech of the dying Houdini. In the choral finale Scha draws voices and orchestra into an exciting, indeed noble resolution, direct and emotional in utterance, not unindebted to Weill, but distinctive in tone. It augured well for the forthcoming opera.

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New Zealand pack comes up trumps against the Lions

and's first try.

[illegible]

The Lions manager, C. Burrell, said the only player considered for selection was tour captain, Phil Bennett, who is recovering from a badly hurt shoulder sustained in recent international.

TEAM: A. Irvine; C. Reston; Gibson, G. Morgan, J. J. Wylie; Bevan, D. Evans, E. Collins; Wheeler, J. V. Allan; J. Newell; Brown, V. Bennett, T. T. (captain), D. Quinlan.—Rutherford.

France 28—20 here today
match to decide 1st place
world Rugby League series
New Zealand it was the first

France 28—20 here today
match to decide 1st place
world Rugby League series
New Zealand it was the fir
in three matches and for
their third defeat. Scorers
Zieland; Tries: C. Jorda
Fisher; J. Smith, M. Graham
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Jordan (4), France, Tries
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Final group position

	P	W	D	L	F	Pts
Australia	4	3	0	1	15	9
Britain	3	2	0	1	11	6
New Zealand	3	1	1	1	11	5
France	2	1	1	0	10	5
Brisbane	1	0	1	2	5	2

Rugby League coach, David Kirkby, takes a fully fit return to Sydney tomorrow for the series final against Australia.

Brisbane 5 0 0 0 1 3
 Auckland 5 0 0 0 1 3
 France 5 0 0 0 1 3
 Brisbane, June 12.—
 Rugby League coach, David
 Watkins, takes a fully fit re-
 Sydney tomorrow for the
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 Saturday.
 strength on Saturday, and w
 have a few tricks up our sle
 Watkins said here tonight.
 Sydney, June 12.—Aust
 Rugby League selectors
 made only one change to
 team which defeated Britain
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 Sydney next Saturday. M.

Wagkins said here tonight, Sydney, June 12.—Australia Rugby League selectors made only one change in the team which defeated British Isles yesterday for the return match. Sydney next Saturday. M. K. the first change in three quarters. The new selection, Terry F.

g to meet n cup final

Scotland supporters split on pitch after the game and d patches of turf.

Mr Menotti was clearly s and, when asked about P sending-off, said that he l such decisions to the refe

It had been an interesti half, with both sides showe great willingness to a Mason, Harford and G provided pace and flair in field, while Forsyth and B remained cool in defence. A Black and the Argentin and the skipper Jaque we

St. William's, Sures Snowdon, and the other three schools, Masson, Harford, and Balfour, provided peace and fair-in-field, while Forsyth and Balfour remained cool in defence. A was the pick of the Argeze and the skiffil Leque was a dangerous.

Scotland missed Jordan, a track, with Daigist out of the but not a half bell by the in and inspiring Gemmiti seal. Celtic star clear in the seventh minute, only to be killed down by Killer. Masson star up for the penalty and smashed it past Baley.

but a superb ball by the line-
ous and inspiring Gemmill set
"Celtic star clear in the se-
seventh minute, only to be hit
down by Killer. Masson stru-
ggle for the penalty and
smashed it past Bailey.

Scorers were: Forsyth, 10
Four minutes later, Forsyth put
Trossero and Passarella equal-
from the spot. Both sides had
chances to win in the last
minutes, but Scotland were con-
relieved to get off the pitch
out further incident.

"I hope we meet Argentina
the World Cup Final". Mr.

[illegible]

No corner change
A new system of plich mas for corner kicks was turned by the International FA. The football's rule making body their annual meeting in London.

Cycling

Cycling

15-MILE OF MAN: Mountain Division. D. Cunningham, Kirkby 4, 1 hr. 35 sec.; 2, D. Sietema, 1:04, 1:35.

25-MILE OF MAN: P. Looby, 1:50; 2, J. Kurnay, 1:59; 3, J. Kurnay, 1:59; 4, J. Kurnay, 1:59.

P. Leoby.

Africa: a dangerous new direction for the wind of change

THE NEW SCRAMBLE FOR AFRICA

CAPE VERDE IS
C R2

House
Party

Legend:

- Monarchy
- ⊗ Semi-autonomous civilian government
- △ Military government
- ◻ Broad loyalty to the West
- ◊ Self-pro-Arab
- R1 East leaning, pro-Russian, even pro-Arabist
- R2 Neutral pro-Russian, most Russian controlled
- R3 Russian influence increasing
- R4 Russian influence decreasing
- R5 Russian influence fluctuating
- R6 Russian base, or special defense arrangements
- R7 Non-self governing
- R8 Illegal regime

Map Labels:

MOROCCO
ALGERIA
LIBYA
EGYPT
TUNISIA
MAURITANIA
MALI
NIGER
CHAD
SUDAN
ETHIOPIA
SOMALIA
SENEGAL
GAMBIA
GUINEA
SIERRA LEONE
LIBERIA
IVORY COAST
GHANA
TOGO
BENIN
NIGERIA
CAMEROON
GABON
CONGO
ZAIRE
ANGOLA
NAMIBIA
BOTSWANA
SOUTH AFRICA
SWAZILAND
LESOTHO
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ZIMBABWE
MALAWI
COMORO IS.
MADAGASCAR

Other Labels:

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100. House A vs R2

the Atlantic to the Indian ocean for itself, suddenly found itself hemmed in by Marxist regimes.

The successes of the liberation movements in Angola and Mozambique have inevitably become an inspiration to their counterparts in Rhodesia and Namibia (South West Africa).

These two territories are independent black governments in these two territories within the next year or so will then make South Africa's isolation total.

At the same time developments to the north of its borders created a new political awareness among South Africa's 18,000,000 blacks. Last year's upheavals in Soweto and other black townships, together with the world's refusal to recognize an independent Transkei were a clear indication that South Africa must resolve its problems by means of its "homelands" policy are not going to work.

For South Africa, the turning point was its misconceived in-

gress of South Africa—also take over in their respective countries.

The converse view is that by upholding (however unwillingly) Portuguese colonialism and white racism in southern Africa, the West has forced black Africa to seek support elsewhere—the Soviet Union and its satellites—and only too pleased to oblige by providing £1,300m worth of military assistance to Africa during the past five years.

It is argued that newly independent black states have no wish to repudiate western imperialism or Soviet imperialism and that once the last vestiges of colonialism and racism are removed from Africa they will be able to follow a genuinely non-aligned path. Certainly seems to be the view of the present African administration and of Dr David Owen, the new British Foreign Secretary.

There is also some doubt about the extent to which Cuba has been acting as a catspaw

between Somalia and Ethiopia and has been exacerbated by a similar situation which prevailed in Ethiopia since overthrow of Emperor Selassie. But it is a di-which also encompasses neighbouring countries such as Kenya and Sudan, as well as the Muslim separatists Eritrea—are busy developing a new sense of Arab brotherhood with the Somalis.

Independence of Djibouti this month will be an important factor in determining whether the more protagonists resolve their differences negotiation—or only through force.

Here the Soviet Union is following a difficult and dangerous policy which, if successful, could produce substantial gains to all concerned.

But there is always a chance of lapsing in disaster.

Recently the Russians have been canvassing the idea of loosely-knit federation involving Ethiopia, an autonomous

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However much the West might be tempted to blame for not sending South Africa to abandon its non-interventionist policy, the fact that it allowed itself to take part in such an adventure was a diplomatic disaster for the Pretoria government.

For not only did it undo much of the bridge-building which had been achieved during South Africa's period of "constructive ambiguity" in Africa during which Mr Vorster visited the Ivory Coast and Liberia and held talks with President Kaunda at Victoria Falls, but it also failed totally to achieve its prime objective. This was the greatest Soviet regime coming to power in Luanda. South Africa's intervention not only provided the Cubans with a justification for their own involvement, but also forced these "moderate" black states which might otherwise have opposed the Cuban presence to accept it.

South Africa is now doing its own bit to internationalize the situation in southern Africa by invoking the "communist threat" against the Cape sea route and South Africa's deposits of strategically—and economically—important minerals.

Although South Africa's

not produced quite the response Pretoria would have liked, they have not fallen entirely on deaf ears. America's new involvement in Africa, which began with Dr Kissinger's unsuccessful attempt at shuttle diplomacy last year, is in large measure a response to the way the Soviet Union has succeeded in exploiting the power vacuum created by the Portuguese departure.

The policy of President Carter's administration, toward southern Africa, expounded by Messrs Mondale and Young, would not appear to be too dissimilar to that of the Organization of African Unity assembly, in that there should be majority rule in Rhodesia, Namibia and South Africa. In this way Washington hopes to ensure the emergence of "moderate" Black governments in these three countries and to prevent them from falling under Moscow's spell.

There remains, however, the question of how far, if at all, those countries which now enjoy close ties with the Soviet Union can be said to have fallen under Moscow's influence. Are the "natural allies" as President

of the Moroccan contingent supported by French and other Western advisers.

Shortly after France decided to play the role of Africa's gendarme in Zaïre, President Giscard attended a Franco-African summit meeting in Paris, at which 19 mainly French-speaking states were present. Not only did this conference come out in support of continued French intervention in Africa, but some delegates even went so far as to suggest that France should initiate a defence agreement which would assure them of French military assistance in times of need.

Thus the new scramble for Africa has resulted in the emergence of two distinct blocks within the OAU. One consists of realist countries which lean more to the East than the West in their espousal of non-alignment... countries like Somalia, Ethiopia, Libya, Algeria, Guinea, Nigeria, Congo, Tanzania and the former Portuguese territories, together with the main southern African liberation movements. The other, basically anti-communist group comprises the bulk of

the pan-African ideals President Nyerere espous strongly.

In the desert wastes o Sahel on the other side of the continent the Algerian-backed Western Sahara guerrilla movement, the Polisario Front, continuing to wage a successful military and diplomatic struggle against the two coun Morocco and Mauritania, occupied the former Spanish colony. As a result Morocco has found itself increasingly isolated in African affairs.

Earlier this year Hassan suspended Moroccan participation in OAU activities following the attendance of Polisario delegates at a meeting in Lome, and the location of a report implicating Morocco in an abortive 1977 Benin last January. I should like to suggest some of the reasons why Morocco agreed with such alacrity send troops to Zaïre was cause the Cubans, whom Mobutu claimed behind the Shaba invasion one of the main backers of Polisario.

All this hardly augurs

but the Portuguese revolution and the subsequent dismantling of Portugal's African empire changed all that. The emergence of independent left-wing regimes in Mozambique, Angola, and to a lesser extent in Guinea-Bissau, Cape Verde, and Sao Tome and Principe, brought about a complete change in the balance of forces in Africa—particularly in the southern part of the continent, where western interests were most deeply entrenched and the pressure for racial confrontation the greatest.

South Africa, which had relied on the existence of a white-ruled squalid stretching from

allies? Or are they using states like Mozambique and Angola as pawns in a long-term strategy aimed at dominating the whole of Africa?

There are differing views on this question. There are those both outside and inside Africa who feel that the Portuguese revolution was engineered from outside to achieve the ultimate objective of bringing the Soviet-backed Frelimo and MPLA movements to power.

According to this theory, the Soviet Union's aim now is to ensure that the other liberation movements with which it has close ties—the Patriotic Front of Rhodesia, the South West Africa People's Organization and the African National Con-

gress, Sudan, Kenya, Ghana, Egypt, and Malawi.

The development of two opposing groups could in the long run threaten the cohesion of the O.A.U. In particular the desire of some francophone states for some kind of defence agreement with France is likely to be a contentious issue at the organization's summit meeting in Libreville later this month.

There are, however, other disputes which threaten to tear apart the organization's fragile veneer of unity. Potentially the most dangerous, and one which has an international dimension, is the conflict between Asafo and Bessie.

Pessimists and optimists wrangle from long-standing differences despite all the buffeting organization has received since the 14 years since its start. It has managed to survive more or less intact. At Nigerian Foreign Minister Brigadier Joseph (remarked at the time of Angolan dispute, "the O.A.U. is the only club we've got unites us."

If the ideals of unity and Africanism now seem to crumbling it is perhaps as much the fault of the AI as the nations to the south which are turning the conflict into a battleground between conflicting international interests and ideologies.

Nicholas Ash

WIKI

1992

There are other names: N Chien, chairman of the people's assembly, and in the background Fok Pot, labelled Premier, and Saloth, believed in the early 60s to be secretary-general of the Cambodian Communist Party. In those days was the power under Sihanouk's personage? Has the power now been splintered broken? Or are the rival groups still struggling in the background?

These are all unanswered questions. The dilemma

for nearly 20 years trying to control this river for the benefit of the riparian states of Thailand, Laos, Vietnam and Cambodia. The first three bodies left the invitation unwavering. No wonder protesters have also gone without replies from any source to a investigation of the killing have been ignored. Despite the common claim that Cambodia is an internal policy, the Cambodia repels interest contact from outside.

In his speech last April the regime's second adversary, Kivun, said that the regime's discipline work, and promised a rice ration. For the rest of the revolution lives in a fantasy world. Factories are owned by the people, this is guaranteed by the government. The peasants own the land, no, but not, it seems, its produce. One has the impression of a country wh

vice amongst us. What say you to
 most of the rest of this
 It is thought to have been
 of actors, enraged by the ex-
 cessiveness. It resumes towards
 agreed that we should speak
 upon rebuke about this creature
 tailed. And so concludes our talk
 here back to our native land
 because we all shall meet again
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 at's Zambia, I think
 shall we spend all our days
 and thick-stirred room.
 movements on the world
 condemning those who flout
 civil's behaviour,
 who do not. We shall declare
 weakly nations which are
 excess, should give the fruits
 riches for the aid of those
 fortunate. We'll talk again
 orders and those other plans
 trip most glibly from our
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 think you as for turning up.
 Callaghan is preparing for be-
 poor burn! Him who comes he
 weakness of mine eyes
 is monstrous apparition.
 me. Art thou anything?
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 blood art, and my link to scan
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 Why com'st thou
 on duty see me at Lusaka.
 here again?
 Ay, at Lusaka

for a
Queen's

Scrutiny of Leyland proposals to buy tooling abroad promised

By Edward Townsend

Mr. Hucklefield, Under-Secretary of State for Industry, has given assurances that the Government will continue to scrutinize at an early stage all proposals from British Leyland to buy its tooling from foreign suppliers.

In a letter to the Technical, Administrative and Supervisory Staffs (TASS) section of the Amalgamated Union of Engineering Workers, Mr. Hucklefield makes clear the Department of Industry's determination to give British machine-tool companies an equal chance with overseas manufacturers to tender for Leyland contracts.

The letter comes after a claim earlier this year from TASS that Leyland Cars was attempting to sub-contract "massive amounts" of design work and tooling abroad.

In the latest issue of the TASS journal, it is claimed that British companies had failed totally to keep step with technological advances by their competitors abroad.

"Leyland urgently needs to buy advanced engineering, design and tooling facilities from Western Europe and the United States. Investment funds have already been earmarked for the purpose and it is essential that this decision is confirmed."

The union's own investigation concludes that "Leyland must break its dependence on foreign technology as soon as possible and develop a complete engineering and design facility of its own."

In his letter, Mr. Hucklefield stresses that the department does not seek to override the commercial judgement which in the end Leyland makes as to its requirements. "Nevertheless we

do get from Leyland its proposals for purchases of equipment in sufficient detail to identify as a sufficiently early stage any plans to buy from abroad."

He added that the arrangements had now been extended to cover the purchase of tooling for Leyland's body and assembly plants.

Machine-tool manufacturers issued a warning last week that unless more detailed information about the future needs of Leyland Cars was available there was a strong possibility that the United Kingdom industry would have insufficient capacity and Leyland would be forced to buy abroad.

The Machine Tool Trades Association said it was planning to make further representation to the company through the channels of the machine tool Economic Development Committee.

Plessey holds out job prospects to women strikers at Kirkby plant

Moves to help workers after a month-long strike by 200 women at the Plessey telecommunications plant, now shut down at Kirkby, Liverpool, could be the offering.

The women electronics workers have been on strike for five weeks in protest at the company's rationalization plan seeking 1,400 redundancies from Plessey's four factories on Merseyside, and the closure of two of them.

Mrs. Lily Allen, senior shop steward of the electricians' union and a leader of the protest campaign, said yesterday that she would be putting to a meeting in the factory today the outcome of her latest talks with management.

She said the management had agreed to interview each

of the workers to offer redeployment with equal opportunity either at the Liverpool headquarters plant or at Huyton.

If the workers agree management will send a minibus to ferry them in parties to headquarters for the interviews. We will continue our occupation, meanwhile, keeping management out of the plant, and the minibus will be hauled at the gates.

"We regard this as a possible breakthrough but it will hinge on the vote," said Mrs. Allen.

The Kirkby plant remains the last protest point after strikes and lockouts which resulted when Plessey announced its rationalization plans.

Unilever will sell 'pocket' terminal unit

By Kenneth Owen

Technology Correspondent

In a further diversification into computer-related markets, the Unilever group is to market in Europe and North America a portable computer terminal developed in Sweden.

Known as the Micronic 445, the calculator-like terminal, which is virtually pocket-sized, has been designed for order-entry and stock-control work.

Unilever believes the unit will be particularly suitable for sales representatives, store managers and warehouse staff, who will use it to exchange information with the head office central computer, via the public telephone system or private lines.

Unilever had been seeking such a device for use by its own companies such as Birds Eye Foods, Van den Berghs & Jurgens and Lever Brothers. In parallel, Unilever computer services had been looking for a portable terminal which could capture data at source, for later processing by main computers.

Unilever companies may need about 5,000 Micronic units over the next two or three years—worth about £4m. The outside market is estimated at between £20m and £40m.

Soviet grain imports may bring renewed instability in world price, report says

By Wallace Jackson

Commodities Editor

The Soviet Union is likely to be an important, but erratic, grain importer for the remainder of the decade. This conclusion is reached by Dr. D. Gale Johnson, professor of economics at Chicago University, in *The Soviet Impact on World Grain Trade*, published today by the British-North American Committee.

Dr. Johnson expects that nearly 60 per cent of Soviet grain imports will come from the United States and will amount to an average annual import figure of between 11 million and 15 million tonnes.

He says that this, in certain circumstances, could lead to renewed price instability in world grain markets which, in turn, could affect consumer and producer alike and be particularly damaging to urban populations in developing countries which import grain.

Examining the wider impact of changes in Soviet agriculture and its performance since 1950, Dr. Johnson points out that small plot cultivation by workers accounts for 3 per cent of the total sown area yet provides 30 per cent of the gross agricultural output.

He says that one-third of Soviet meat and milk has been produced in the private sector as well as two-thirds of fruit and vegetables.

Up to the death of Stalin in 1953, the Soviet Union was a net exporter of grain. In the 1950s and 1960s imports were permitted for human consumption, but livestock herds—a

major consumer of grain—were reduced substantially.

In the 1970s a new policy emerged, the impact of which is to feed expanding livestock and milk production, and it was this that in 1972-73 drove up world prices.

Comparing the United States' USSR grain supply agreement of October, 1975, and the Soviet Five Year Plan 1976-80, Dr. Johnson concludes that Soviet grain imports will average 15 million tonnes and suggests that the currency requirement for this (some £1,111m) will be found at the expense of imports of advanced technology and capital equipment from the West.

The Soviet Impact on World Grain Trade, by D. Gale Johnson, British-North American Committee, £1.75.

6-point cure urged for alcoholism

While alcoholism is increasing among the British workforce, few companies have recognized it as an illness and have not therefore initiated policies of prevention and cure. This is the main conclusion in a series of papers published as a report by the Alcohol Education Centre.

The report deliberately declines to quantify how much alcoholism is costing companies or the country, but it asserts that its elimination, apart from reducing national spending on those affected, would undoubtedly improve the efficiency of a business.

All companies, says the report, should realize that the problem exists and should introduce programmes of prevention and cure from which no one, from the chairman downwards, should be exempt. It suggests a six-point frame-work for a "cure" policy.

The alcoholic must be regarded as sick and, while undergoing treatment, considered to be on sick leave and entitled to whatever sick benefits the company offers.

His job would also be held open for his return unless disciplinary matters have been involved.

No disciplinary action should be taken unless it is clear the individual concerned is incapable of responding to treatment or refuses advice.

Alcoholism and Industry, Alcohol Education Centre, Maudsley Hospital, Denmark Hill, London, SE5 8PZ, £2.75 plus 30p post and package.

Ministerial help sought in plant

The Scottish Ministers of State will be asked tomorrow to intervene in the planned closure of the Glenfield hydraulic engineering plant in Kilmarnock.

More than 1,000 jobs are threatened following the announcement last week by the company, Glenfield (UK), that money was available to meet increasing losses at the plant and as a result they are pulling out next week.

Yesterday Mr. William Ross, the local MP, discussed the crisis with representatives of the Amalgamated Union of Engineering Workers and representatives of the local district council and Strathclyde Regional Council.

Many of the industry's leaders believe that overall help for the industry would have been more appropriate and that the NEB involvement in the Barrow Hepburn group which, in turn-over terms, represents between 20 and 25 per cent of the industry, should be to coordinate other sectors—perhaps causing as many, or more, redundancies, than were threatened within Barrow Hepburn before its deal with the NEB.

Mr. Ross said that the Government has a duty to intervene in such a case as a lack of interest in its plight on the part of the Government.

The town has had more than 100 factory closures in recent years, including the closure of its major industry, the ironworks and Rodbarrow, mines, and subsequently another major employer, Sealord Hoverscraft.

R. W. Shakespeare

Tannery closure could be disaster for town

In many industrial areas, chastened by big plant closures and large scale redundancies, news of a possible industrial shutdown and the loss of some 235 jobs would be unlikely to cause much of a stir. But such things are relative and in Milom, on the Cumbrian coast, the threat of job losses on a scale that would by far—instance—Merseyside standards be modest represents a major disaster.

Milom, which is part of the Furness Development Area and a curiously isolated industrial centre on the fringe of the Lake District, already has 11.7 per cent unemployment. If West Coast Tanneries, now in the hands of a receiver appointed by its bankers, is forced to close, the fresh redundancies will take the jobless total to about 19 per cent and make Milom the worst unemployment black spot in England.

The Milom tannery has full order books to carry it over the next few months. It produces high grade leathers for shoe uppers and exports about 25 per cent of its products to countries that include Russia. It also has a £360,000 bank overdraft.

Troubles beset the tannery around the start of this year. Some workers lost their jobs in a "slimming down" operation and further redundancies were avoided through a temporary employment subsidy from the Government.

Recently the company went to the Department of Industry for a £350,000 loan, but the application was turned down and the bank stepped in and appointed its receiver. Now, after an investigation of the tannery's affairs, Mr. Peter Richardson, the receiver, has

Industry in the Region

put the business on the market. The remaining 235 jobs, therefore, still hang in the balance. It may all seem like a fairly small storm in a tiny teacup. However West Coast Tanneries' future—and the Government's attitude towards it—has become not only a matter of crucial importance to Milom's industrial prospects but also something of a cause célèbre as far as a large and influential sector of the industry is concerned.

Whitehall's refusal of a loan comes at a time when the Government, through the National Enterprise Board, is mounting a £3m support programme for Barrow Hepburn, the country's largest tannery conglomerate, which has been busy taking over a great many small tanneries.

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R. W. Shakespeare

British takeovers in Europe fall to 17

A dramatic fall over the past three years in the number of mergers and takeovers of European companies by British groups is highlighted in an article published in the June issue of *Commerce International*, the journal of the London Chamber of Commerce and Industry.

The extent of this decline is well illustrated by the fact that in 1973 such mergers and takeovers totalled 156 while in 1976 the number had dropped to 17.

The decline dashed the hopes at the end of 1975 when it was felt that merger activity both on the continent and at

Debate on deferred taxation

Thirdly, such a treatment would run counter to the fundamental accounting concept that relevant costs and revenues should be matched with one another.

The new proposals on deferred taxation set out in Exposure Draft No. 19 seek to work within the established accounting concepts by charging to the profit and loss account the expense of the asset, rather than the cost of the asset, in the year of acquisition.

Whether the proposals will succeed in showing the fairest view is another matter for discussion during the exposure period between now and September, in view of the volume of criticism provoked by previous proposals on deferred taxation dating back to ED 11 in May 1973, including those proposals for deferred taxation in current cost accounts which were a feature of ED 18 (and which are similar to the ED 19 proposals applicable to historical cost accounts) and the proposals for deferred taxation in the ED 19 will go through "on the nod" appears premature.

Yours faithfully, DAVID R. WINCH, 9 Grosvenor Avenue, Liverpool L17 2AN, June 8.




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CBI guide for closer links with managers and staff

The Confederation of British Industry is attempting to improve the communication between company managements and employees, following research which showed that both employees and managers were relatively ill-informed.

A study conducted last year established two main conclusions: while the attitude of most employees was favourable towards the free market economy, many of them lacked knowledge and wanted more information from management. Too many managers also were ill-informed, poorly motivated, and therefore not equipped to meet this need.

Now CBI has followed these findings with the publication of a guide to effective company communication. It has been produced by the confederation's recently-formed Employee Communication Unit.

The guide discusses the type of information which needs to be communicated, and how best this can be done.

Mr. John Methven, Director-General of the CBI, said: "What matters in industry is democracy more than legislation is useful work at company level."

The CBI Employee Communication Unit is providing practical help and advice to numbers of companies in improving information-sharing with their employees. The new book is a further example of this work.

An 11-point checklist for senior managers and chief executives is included, together with a specimen company information policy and an example of a company report to employees.

*Communication with people at work. Published by the CBI at £1.

Business appointments

New managing directors for Ransome Hoffmann Pollard

Mr. W. H. Holmes, Mr. R. F. Morgan and Mr. I. B. Owen have become managing directors of Ransome Hoffmann Pollard, Mr. R. Charlton, group secretary, joins the board.

Sir Charles Troughton has joined the board of William Collins and Sons (Holdings).

Mr. J. M. Webster has gone on to the board of Pifco Holdings.

Mr. Don James has been promoted to managing director of Pyrene Chemical Services.

Mr. T. F. Bell and Mr. P. Benwell have been named directors of Bland Payne (UK).

Mr. J. Langstaff becomes managing director of The Crestall Manufacturing Company.

Mr. Colin Elder is resigning from the board of Bland Payne (UK).

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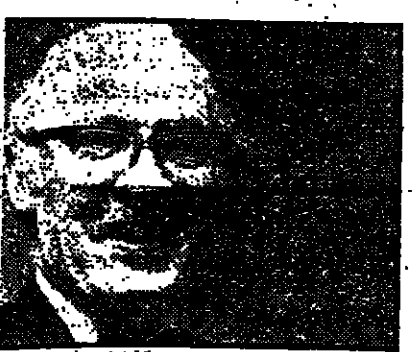
BY THE FINANCIAL EDITOR

Deciding where the BP shares will go

A dramatic stock market reversal—and given the current political situation it cannot be entirely ruled out—has put the public of the 66.78m shares successfully underwritten Tuesday should go equally well, informed guesses from within the camp suggest that the partly-£3 is due immediately and £5.45p (number 6) could be as much as three times subscribed.

An American banking syndicate due a week today whether to commit buying 25 per cent of the whole of United States investors, decision is clearly going to be that the Bank of England's allotment which will announce the basis of shortly after a deal has or has not with the Americans.

have to take into account three classes of preferential application pension funds, of which



Lord Steel, chairman of BP

£65,000; BP employees of whom £78,000; and sub-underwriters who ready applied for preferential concession in respect of 28 million shares, or, of the entire offer.

ver, because of the inclusion of occupational funds and BP employees preferential category, one may reasonably assume that the Government intends to get a fair slice of the offer. They should not be put off huge institutional interest in this both sides of the Atlantic.

critical problem of allotment is re- the unique pattern of preference issue. Had this been an issue by the Stock Exchange rules would have preferential status to shareholders

ance for smaller companies

many thousands of smaller business in Britain given a fair crack of the financial community? In its view the Wilson Committee Finance Industry (FFI)—15 per cent-owned by the banks and which services smaller companies through its ICFC subsidiary—is that the answer is an emphatic yes. It is the external financial needs of companies are, of course, met by banks themselves. But the provision of straight debt only, although it is lending resembles equity in name. For true equity—small companies to look to the rather less well-known beyond the banks.

act, recent years have produced an increasing number of doors at which the company can knock both for equity and for debt. Commercial Finance Corporation (CFC) being one that has opened to get number and broadest range of services. Indeed, CFC, with its clearing offices, regional offices and advisers about 300 companies annually, movement with individual businesses from £5,000 to £1m plus.

s views on the provision of finance all business—and indeed for the Finance Corporation for Industry clients too—FFI is hardly original. no shortage of available investment, merely industry's reluctance to given the recent state of the in addition to suggesting that a much

and BP employees. But this is no ordinary issue, and since preference ranges as far and wide as marketing and political needs dictated, the Bank's allotment committee will need to tread very warily and satisfy as many small investors as possible if it is to avoid a protracted post-mortem on the inequity of City privilege.

But is the offer attractive anyway? There are two views one can take of BP. The uncharitable one is that it has extremely high borrowings reflecting the heavy investment it has made in the North Sea and Alaska, benefits from which are only just beginning to come through; being an oil major it is more than usually vulnerable to political factors; there is no sign of a forecast in the prospectus (although of course, BP is not making the offer) and its shares yield only 3.6 per cent at the offer price, against around 4.0 per cent from Shell Transport which in p/e ratio terms, too, is more attractive than BP.

The other view—and the one which should prevail—is that while BP may remain fairly highly-gearred given its financing commitments over the next few years, the two huge projects now under way, the North Sea and Alaska, should generate enormous cash-flow over the next decade.

Attributable earnings between now and 1980 should triple, and this from oil in non-Opec areas, which while mirroring Opec pricing policies, is the sort of oil that Americans particularly like.

Moreover, BP recognizes its "yield" advantage. Just before the offer was made public it applied to the Treasury for permission to increase its dividend by 50 per cent, and while it was turned down, it has (in line with Shell, incidentally) decided to reserve the difference between the 1977 dividend and the intended increase so that a special payment can be made to shareholders once dividend restraint is removed.

That could be next year, which would compensate for the fact that non-American subscribers will not get the 10.6p a share interim dividend. Meanwhile, they will have an opportunity to apply for BP shares at a near-6 per cent discount to the market price (89p on Friday) and they will not have to pay commission costs or stamp duty.

Moreover, the partly-paid offer allows investors an option until December, and a highly-gearred one, too. If, for instance, BP "old" shares reached £1.10 in the meantime, which given expected American interest in the stock is not inconceivable, there would be a profit of around 50 per cent to be taken on the partly-paid.

So, trust the Post-Office's claims, add a day for safety and send your applications on Wednesday, first class, to arrive by Friday morning.

reduced rate of inflation and considerably lower interest rates should top the list of national economic priorities, FFI also says that its own fund raising could be helped by two relatively small changes.

One would be for the costs of loan stock issues (including discounts) to be made tax allowable. The other would be for the loan stock issues to be treated on the same basis as gifts for capital gains tax purposes. Although FFI does not spell it out at this stage, it clearly does not favour suggestions in other evidence that it be absorbed by a



Lord Seebohm, chairman of Finance for Industry

much larger industrial financing organization. Nor does it favour any general introduction of government-subsidized interest rates.

Apart from the danger that such subsidies would increasingly carry political strings, Lord Seebohm, the FFI chairman, feels that they would only serve to encourage the survival of the weak rather than the development of the strong.

Credit is seldom given where credit is due. Since the Bank of England has been roundly abused here and elsewhere for failing to use its resources to encourage discussion of economic policy in general and monetary policy, in particular, it needs to be said that the "assessment" section of its latest Quarterly Bulletin was a most welcome development.

In the past the strong desire not to say anything, that could even by implication be considered controversial (and thus upset the all-important relationship of confidence and trust between the Governor and the Chancellor of the day), combined with an equally strong embargo on saying anything that could by any stretch be considered price sensitive in financial markets, has resulted in a product of quite exceptional blandness.

Worse, such minor forays into opinion as have been allowed have been for the same reasons confined almost exclusively to topics like government spending or prices and incomes policy, for which the Bank is not directly responsible and have avoided money, for which it is.

It is devoutly to be hoped that this tentative first step, concerned with a discussion of how best to implement

monetary policy under existing constraints will lead to wider ranging and even more adventurous experiments. It would be a grave disservice to intelligent public discussion if ministers or the Treasury caused the Bank to draw back from the path to which it has now tentatively set its foot.

For the fact is that, for all the profound scepticism about the importance of efficiency or monetary policy among those concerned with economics at the Bank, policy is being directed for better or for worse for the moment according to monetary measurements and standards. In such circumstances more, not less, discussion of monetarism and monetary economics is required.

Speeches by the Governor himself may be appropriate in this context, though, his range is inevitably and rightly limited by the fact that his views thus publicly expressed will inevitably be taken as a statement of official policy. But by using the Bulletin, or by sponsoring debate and publishing the results, the quasi-autonomous Bank has a unique position, so far unexploited.

So much for the bouquets. Now for some criticisms. In suggesting that the purpose is to stimulate discussion of monetary policy, the introduction to

this section of the Bulletin's assessment goes rather further than the assessment itself. For the words are confined almost wholly to issues arising from the mechanical control of already announced monetary aggregates and to one sided defence of the way in which these things are now being handled.

Stockbrokers, W. Greenwell & Co, whose own bulletin published today is the first to take up the Bank's invitation to enter into debate, are remarkably restrained in not pointing out that the Bulletin marks an almost total official conversion to the views they themselves expressed during 1976, when they were resisted or ignored at official level.

In particular, it is welcome, though belated, that the authorities have come to accept that the announcement of monetary targets, and the pursuit of an active policy in the gilt-edged market, far from creating disorder in the market and increasing the cost of servicing the National Debt under conditions of present monetary policy actually increases the forces for stability in the system.

Further, where the Bulletin understandably argues that from an operational point of view, it is often difficult to distinguish between erratic fluctuations and changes in trends

until it is too late, it is being more than a little self-justification in relation to the events of last summer. Then there was a clear operational indicator to hand, namely that for months there were no net sales of government stock, which led to the sudden expansion of the money supply and the autumn financial crisis.

This time, where the danger is of excessive sales and an excessive contraction of the money stock, it is to be hoped that the necessary compensating action will be taken sooner.

Meanwhile, to take up suggestions made by Greenwell last year and tentatively repeated by the Bank now, it is clearly important that future monetary policy should be expressed in terms of targets for several measures of the money stock and credit expansion; that the targets should be in terms of ranges; and that they should be rolling targets revised from time to time, not targets expressed for fixed calendar periods.

The idea that monetary policy should be tied to one target figure for one particular measure is about as sensible as expecting a medical man to prescribe a course of treatment on the basis of the patient's temperature alone, without taking the pulse or looking at the colour of the tongue or adjusting to the response over time.

Substitute tobacco: who will be the winners when the smoke clears?

From the beginning of next month British smokers will for the first time have the opportunity to try for themselves cigarettes containing the so-called "safer" substitute tobacco.

The three big British cigarette manufacturers each plan to have brands on sale from July 1. This will be three months after non-tobacco smoking substances were given qualified clearance by the Government's Independent Scientific Committee on Smoking and Health under the chairmanship of Dr Robert Hunter.

The launches are a landmark in a search for a less harmful substitute for tobacco which has spanned more than 20 years and cost the industry alone an estimated £40m in research and development costs. For, in the final analysis, the eventual success or failure

tobacco. However, the acceptability of cigarettes to smokers depends mainly on flavour and nicotine, and the substitutes cigarettes will be designed to give a "satisfying" smoke.

There have been various tests, and more will follow, to find the right proportion. But the mix for which most tobacco manufacturers have opted is 25 per cent of tobacco to 75 per cent of tobacco.

The problem with this is, as the chart shows, that it does not reduce the tar and nicotine yields by more than can be already achieved by newly developed filtration and blending techniques. Some conventional low tar cigarettes, notably Embassy Ultra Mild, Silk Cut Extra Mild and Player's Mild de Luxe, have tar yields of less than 4 milligrams (mg) per cigarette, and nicotine yields of less than 0.3 mg, which is better than most of the new brands containing substitutes.

The outstanding exception is Gallaher's Silk Cut Ultra Mild, which with 2.8 mg has the lowest nicotine yields of anything at present on the market. Gallaher has started the other manufacturers by opting for a 40 per cent mixture of substitute for this brand, but has hedged its bets by producing two others containing only 25 per cent.

Novelty and the heavy barrage of advertising and publicity will no doubt boost initial sales, but some cigarette manufacturers privately express doubts as to how successful the first generation of brands containing tobacco substitute will be.

Rothmans, for instance, which has had more practical experience of marketing substitute brands than the other tobacco companies, is rather pessimistic. A Peer brand cigarette containing substitutes has been put on the market in Germany by Rothmans International failed dismally and was withdrawn; and in Switzerland, which in general has the most health conscious smokers, the same brand has had only a very modest success.

A number of factors could, however, brighten the long-term outlook for substitutes. A change in the taxation structure in their favour could bring immediate benefits. Secondly, the use of substitutes, together with new freedom to add flavourings, gives the cigarette manufacturers more flexibility in eventually reducing tar and nicotine levels with less loss of flavour.

The manufacturers have too much at stake to give up the

TOBACCO SUBSTITUTE BRANDS						
Manufacturer	Substance	Brand Name	Tar mg	Nicotine mg	Recommended Selling Price	
Gallaher	25% Cytrel	Silk Cut King Size	7.5	0.6	55p	
Gallaher	40% Cytrel	Silk Cut Ultra Mild	2.8	0.2	55p	
Gallaher	25% Cytrel	Silk Cut No 3 With Substitutes	7.5	0.5	47p	
Rothmans International	25% Cytrel	Peer Special Mild	13-15	0.8-1.0	52p	
Rothmans International	25% Cytrel	Peer Special Extra Mild	7-9	0.5-0.7	52p	
W.D. & H.O. Wills	25% NSM	Embassy Premier	9.5	0.7	51p	
W.D. & H.O. Wills	25% NSM	Embassy Premier King Size	9.5	0.7	55p	
W.D. & H.O. Wills	25% NSM	President King	15.5	1.1	55p	
John Player & Sons	25% NSM	John Player King Size with NSM	9.0	0.7-0.8	55p	
John Player & Sons	25% NSM	Player's No 6 Filter with NSM	9.0	0.7-0.8	47p	
John Player & Sons	25% NSM	Player's No 10 Filter with NSM	9.0	0.7-0.8	44p	

NB: Extinct conventional cigarettes in the "Low tar" category contain tar yields of between 4 milligrams (mg) and 9 mg per cigarette and nicotine yields between less than 0.3 mg and 0.8 mg.

concept of substitutes easily.

The most deeply involved is Imperial Tobacco—not surprisingly, since its John Player & Sons and W.D. & H.O. Wills subsidiaries account for more than 60 per cent of present cigarette sales.

Imperial, which has linked with ICI in a joint company producing NSM (New Smoking Material) brand substitute, has invested £14m in a purpose-built factory. The plant, at Ardeer in Scotland, is designed to be able to produce 13,600 tonnes of the material a year, roughly equivalent to 15 per cent of all the tobacco used for cigarettes in the United Kingdom at present.

However, the company's outlay on substitute tobacco extends far beyond this. Research and development, some of which was requested by the Hunter Committee during its four years of deliberations, has not been cheap.

Spending by the tobacco manufacturers through the industry's Tobacco Research Council, mainly on research

into the biological and pharmacological effects of tobacco and tobacco smoke, has amounted to about £10m since 1963. Of this, Imperial Tobacco estimates that it has contributed about £5m. Imperial also spends about £4m a year on research on its own account, of which about £2m a year is health-related.

The other manufacturers, Gallaher and Carstairs Rothmans, have spent smaller, but still large, sums on research, but unlike Imperial are not directly involved in manufacturing. Both companies take their supplies of Cytrel, the rival substitute material to NSM, from the American Celanese Corporation.

The use of the material has been carried out by a consortium consisting of the two cigarette producers and Celanese.

Both NSM and Cytrel are made from modified cellulose with wood pulp as the basic raw material. They are the two survivors of several contenders, the rest of which gave up

on the long road to the tobaccoists' shelves.

The sales known of the participants which did not make the finishing post is probably Courtauld's "Taberle" brand substitute, which got as far as field testing in cigarettes under the Filter brand name.

Courtauld's spent about £1m on developing Taberle but decided last August not to go ahead because of the extra cost, estimated at between £2m and £3m, which would be incurred in meeting the Hunter Committee's requirements.

NSM and Cytrel are the first tobacco substitutes to be widely marketed alongside traditional cigarettes and the signs so far are that competition between the various manufacturers will be fierce. Each of the three cigarette companies, with Gallaher leading the way, have been advertising ahead of the launch date and are expected to intensify their activities once the brands appear.

However, while both substances have been cleared for restricted use by the Hunter Committee they have a long way to go before gaining full acceptance. The laboratory of the Government Chemist is to monitor the composition of each new cigarette which is put on the market.

Medical attitudes which remain lukewarm and are far from giving an open endorsement, are best summed up by Dr Hunter, who says that the evidence collected by his committee indicates that substitute tobaccos are "no more damaging" to health than ordinary tobacco and that they "might" lead to making smoking less harmful.

The launches are not only a landmark for cigarette makers in Britain but internationally as well. Work on tobacco substitutes abroad was virtually halted until the result of the Hunter Committee's painstaking and thorough examination was known. All eyes in the cigarette-making trade are now on Britain to see how the brands work in practice.

Patricia Tisdall

Business Diary in Europe: No place like home...

Birth of British recruits European Commission for EEC institutions was spotlighted at the Euro-Parliament last week. But other Tugendhat, the sinner responsible for matters, was unable to any more light on the for this phenomenon's predecessor.

ndhat was able only to rather lamely than the tion of British men, had created a mood of smug which discouraged applicants. Although would be part of the explosion there appear to be permanent causes as well as a modest British reputation.

ng Grade A officials at Commission, many of are temporarily seconded national governments roughly equivalent to administrative grade of British Civil Service. British share at the end of last was 14.3 per cent, which res with a 22 per cent of the Community's pop-



European Commissioner Christopher Tugendhat: lighting on a rare species in Brussels.

many and Italy, are 15.1 per cent, 15.7 and 17 per cent.

It appears that, despite doom-laden prophecies of the collapse of British society, in-born insularity still makes many Britons reluctant to live and work abroad, even when Carvajal of Banco Urquijo, Alfonso Escamez, of Banco Central, Ferrn Zela, of Banco Exterior de España, Luis de Angulo Montes, of Banco de Granada, and Antonio Pedrol Rius, of the Moroccan Bank for Economic Expansion.

Escamez, president of the Banco Central, said frankly just after he was appointed that he had not expected it. "I am a person who has had to do with the economy, with industry, and I've never taken part in politics."

Sixty-one year old Escamez became president of the Banco Central four years ago, after working his way up from the post of errand boy, for which he was hired by the bank when he was 14. He is also president of

the list of those named by King Juan Carlos to form part of the newly created Spanish senate.

The 41 royals, who will serve alongside the 206 elected members of the upper house, or senate, include bankers, Jaime Carvajal of Banco Urquijo; Alfonso Escamez, of Banco Central; Ferrn Zela, of Banco Exterior de España; Luis de Angulo Montes, of Banco de Granada, and Antonio Pedrol Rius, of the Moroccan Bank for Economic Expansion.

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the Spanish Petrolum Corporation and the Andalusian Pyrite Corporation.

Last year King Juan Carlos awarded him the gold medal for outstanding workers.

Zela, secretary general of Spain's Banco Exterior for the past 28 years and father of nine children, is also vice-president of an insurance company and president of the board of governors of Editorial Católica, which publishes the important Madrid Roman Catholic daily *Yo*.

De Angulo Montes, 66, a member of the Generalissimo's parliament for the past 10 years, has been dean of the Granada bar association since 1955 and is a founder and vice-president of the Banco de Granada.

One of the two women picked by the king for the senate is Gloria Begue, 46, who holds the chair of political economy and public accounting of the Faculty of Law at the University of Salamanca. She taught at

the University of Chicago for three years before the Salamanca post and for several years was dean of the Salamanca University law school.

Leading businessmen on the king's list include Manuel Prado, a lawyer and economist and president of Spain's national airline, Iberia, and Duke of Primo de Rivera, 43-year-old nephew of the founder of the Falange and president of ENDIASA, a food-processing company.

The Czar's gold

Marcel Grizy is taking a particular interest in the state visit to France of the Russian president, Brezhnev, which begins today.

Grizy is president of his country's Association of Holders of Russian Bonds. He has pointed out in an open letter to the president that 1,500,000 French families lost more than 16,000 gold francs to Czarist Russia.

French investors, Grizy says, subscribed to some 45 bonds between 1863 and 1914, some of which are still listed on the Paris Bourse.

Even with a rate of interest as modest as 4 per cent over the past 60 years the gold-denominated bonds would now add up to 700,000m francs, according to his sums.

Money has been pouring into Luxembourg at a rate which has foreign bankers recently established there talking of the country as a new Switzerland. The local name for the local currency, the Franc Luxembourgeois, is, I think therefore, entirely appropriate. It's called the Flux.

John Foster & Son Limited

Spinners and Manufacturers

Comments by the Chairman, Mr. G. F. B. Grant

- The Group's U.K. operation produced a significantly better profit of £434,589.
- Direct and indirect export sales account for over 60% of U.K. turnover.
- The move to the new weaving shed was completed with minimum interruption of production.

- It seems likely that the Group's U.K. operation will in the current year achieve a substantially larger volume of trade and materially better results.

Extracts from Group Accounts

	52 weeks ended 25th Feb. 1977	52 weeks ended 27th Feb. 1976
Turnover	£'000	£'000
Profit before Tax	12,035	9,710
Profit after Tax	408	88
Total Dividend Net	157	1
Earnings per Stock Unit	1.625p	0.8125p
	3.0p	0.6p

Copies of the Report and Accounts may be obtained from the Company Secretary, Black Dyke Mills, Queensbury, Bradford, West Yorkshire BD13 1QA.

The British Petroleum Company Limited

(Incorporated in England under the Companies (Consolidation) Act 1908. Registered No. 102498)

The Application Lists will open at 10 a.m. on Friday, 24 June 1977, and will close at any time thereafter on the same date. The whole of the issued share capital of The British Petroleum Company Limited ("BP" or "the Company"), including the Ordinary Stock now offered, is listed in London on the Stock Exchange. The information given herein with regard to BP and its subsidiaries ("the BP group" or "the group"), has been supplied by its Directors. The Directors collectively and individually accept full responsibility for the accuracy of such information and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any of such information misleading.

This Offer for Sale constitutes an offering only in the United Kingdom. No person receiving in any other territory a copy of this Offer and/or an Application Form may treat the same as constituting an invitation to him nor should he in any event use such Application Form unless in the relevant territory such an invitation could lawfully be made to him without compliance with any registration or other legal requirements. It is the responsibility of any person outside the United Kingdom wishing to make an application hereunder to satisfy himself as to full observance of the laws of the relevant territory in connection therewith, including the obtaining of any government or other consents which may be required or other formalities needing to be observed or transfer or other taxes requiring to be paid in such territory.

THE GOVERNOR AND COMPANY OF THE BANK OF ENGLAND on behalf of THE LORDS COMMISSIONERS OF HER MAJESTY'S TREASURY Offer for Sale

66,785,591 Ordinary Stock units of £1 each of
The British Petroleum Company Limited
at £8.45 per unit

payable as to: On application £3.00 per unit
On or before 6 December 1977 £5.45 per unit
£8.45 per unit

This Offer has been underwritten by:

Baring Brothers & Co., Limited
Lazard Brothers & Co., Limited

Robert Fleming & Co. Limited
Morgan Grenfell & Co. Limited

Hambros Bank Limited
N. M. Rothschild & Sons Limited

Hill Samuel & Co. Limited
J. Henry Schroder Wagg & Co. Limited

Kleinwort, Benson Limited
S. G. Warburg & Co. Ltd.

The Offer has been sub-underwritten and applications for investment purposes by or on behalf of sub-underwriters for up to 50% of their commitments will (subject to the amount thereof being notified in writing to the Bank of England, New Issues, not later than 15 June 1977), if lodged with the Bank of England, New Issues, not later than 17 June 1977, be eligible for preferential consideration to that extent and carry, under the terms of the underwriting agreement, a commission of 1% on the full purchase price of the units so applied for.

No allocations will be made until after 9.30 a.m. on Monday, 27 June 1977, and prior to such time the Bank of England may agree with the underwriters that by reason of a material adverse change in relevant conditions the Offer for Sale should not proceed and in that event no allocations will be made and the underwriting agreement will terminate.

The £66,785,591 Ordinary Stock now offered forms part of the holding of HM Government and its sale would reduce the total of the BP Ordinary Stock held by the Government and the Bank of England from 68.3% to 51%. Stock is offered hereunder with the right to all dividends hereafter declared except that HM Treasury will be entitled to retain the interim dividend in respect of the year ending 31 December 1977, which is expected to be paid on 10 November 1977.

A part (estimated at not exceeding 25%) of the Ordinary Stock comprised in this Offer may be withdrawn and sold in North America, if so determined prior to allocations being made under this Offer, and accordingly the right is reserved to reduce *pro tanto* the amount of Ordinary Stock to be sold pursuant to this Offer. Particulars of the arrangements made for the purposes of the North American offering are shown under General Information.

Procedure for Applications

Applications must be accompanied by payment of the full amount due on application, namely £3.00 per unit. A separate cheque drawn on a bank in the United Kingdom, made payable to the Bank of England and crossed "Not negotiable—BP Stock" must accompany each application. The right is reserved (1) to present all cheques for payment and to retain Letters of Acceptance and surplus application money pending clearance of the respective applicants' cheques and (2) to reject any application or to accept any application in part only.

Applications must be for 25 units or for 50 units and thereafter must be for the following multiples of units:

Applications for over 50 units and not more than 500 units	in multiples of 50 units
Applications for over 500 units and not more than 2,000 units	in multiples of 100 units
Applications for over 2,000 units and not more than 10,000 units	in multiples of 500 units
Applications for over 10,000 units and not more than 50,000 units	in multiples of 1,000 units
Applications for over 50,000 units	in multiples of 5,000 units

No application for any other number of units will be considered.

Applications, which will be irrevocable until after Monday, 4 July 1977, must be made on the Application Forms provided and completed in accordance with the instructions thereon and should be lodged by 10.00 a.m. on Friday, 24 June 1977. Applications should be lodged with the appropriate Receiving Banker by reference to the initial letter of the first-named applicant's surname, or, in the case of a corporation, to the initial letter of its name, as follows:

A - F Barclays Bank (London and International) Limited, New Issues Department, PO Box 123, 2 London Wall Buildings, London EC2P 2BU

G - L Lloyds Bank Limited, Issue Department, 51 Gracechurch Street, London EC3V 0DA

M - Q Midland Bank Limited, New Issue Department, Mariner House, Pepys Street, London EC3N 4DA

R - Z National Westminster Bank Limited, New Issues Department, PO Box 79, Drapers Gardens, 12 Throgmorton Avenue, London EC2P 2BD

Special (green) Application Forms are being made available to employees of the BP group (including for this purpose 50% owned UK companies) in the United Kingdom and certain other territories. Special (blue) Application Forms (available on request to the Bank of England, New Issues, Watling Street, London EC4M 9AA or branches) may be used for applications by or on behalf of United Kingdom occupational pension schemes (including insurance company funds related solely to such schemes). Both Forms require a representation that the application is made for investment purposes. It is intended that preferential consideration will be given to applica-

tions on these Forms, which must be lodged with the Bank of England, New Issues, Watling Street, London EC4M 9AA. The three classes of application eligible for preferential consideration (including the applications by or on behalf of sub-underwriters previously mentioned) may be dealt with on differing bases, which may not involve any preference of allocation at particular levels.

Commission on Acceptance

A commission of 1-1p per unit will be paid to bankers and stockbrokers in the United Kingdom on acceptances in respect of applications bearing their stamp. This commission will not, however, be paid in respect of the applications by or on behalf of sub-underwriters previously mentioned. Furthermore, no payment will be made to any person who would receive by way of commission a total of less than £10.

Acceptances

Letters of Acceptance will be despatched to successful applicants by post at their risk. If an application is not accepted the amount paid will be returned in full by cheque, and if any application is accepted for fewer units than the number applied for, a cheque for the balance of the amount paid will be sent, in each case through the post at the applicant's risk. No Letter of Acceptance will be posted to an address in North America.

Letters of Acceptance will be renounceable (in accordance with the instructions thereon and subject to payment in due course of the final instalment of £5.45 per unit) until 3 p.m. on 15 December 1977. Default in payment of the final instalment in respect of any Stock comprised in any Letter of Acceptance will render the amount previously paid liable to forfeiture and the acceptance to cancellation. Interest at a rate of 5% per annum over the Bank of England's Minimum Lending Rate then prevailing may be charged on any overdue amount which may be accepted.

It is expected that The Stock Exchange will authorise dealings to commence in partly paid form shortly after the bases of allocation have been announced. Dealings prior to receipt of Letters of Acceptance will be at the seller's risk. A person dealing before receipt of a Letter of Acceptance must recognise the risk that his application may not have been accepted to the extent anticipated or at all.

Registration

The Ordinary Stock comprised in fully paid Letters of Acceptance will be registered in the names of the persons entitled thereto under the terms of the Letters of Acceptance, but not at any address in North America. HM Treasury will arrange for the payment of stamp duty and stock certificates will be available for issue on 2 February 1978. No stock certificate will be despatched to an address in North America.

U.S.A. and Canada

The Ordinary Stock comprised in this Offer is not being offered hereunder, directly or indirectly, in North America* or to North American persons*. Applications under this Offer will be accepted only from persons declaring that they are not North American persons* and are not acquiring BP Ordinary Stock for the account of any such person and that they have no present intention to sell Stock allocated to them or the Letters of Acceptance representing such Stock in North America* or to or for the account of any North American person*. Renunciations of Letters of Acceptance will be recognised only if a like declaration is given by or on behalf of the renouncees.

*"North American person" herein means any national or resident of the United States or Canada (including any corporation or other entity organised under the laws of the United States or Canada or any political subdivision thereof); "United States" means the United States of America, its territories and possessions; and "North America" means the United States and Canada.

HISTORY AND BUSINESS OF BP

The Company was incorporated in England in 1909 and adopted its present name in 1954.

Although since 1914 HM Government has held a substantial shareholding interest, BP has always been managed and operated as a private business enterprise. The Government has recently reaffirmed its intention to maintain its relationship with BP in a way which does not breach the traditional practice of non-intervention in the administration of BP as a commercial concern.

The BP group is the largest industrial concern in the UK, the third largest outside the United States and the eighth largest in the non-communist world, on the basis of 1976 gross sales proceeds. About 78,000 people work for the BP group worldwide. Other companies throughout the world in which BP has a material minority interest employ a further 59,000 people.

The BP group is engaged in all phases of the oil and natural gas industry including exploration, production, shipping, refining, marketing, chemicals and research. The group has pioneered the discovery and development of several of the world's most important oil producing areas from Iran and Iraq to Alaska and the North Sea. The group is exploring in 20 countries.

Most of the group's crude oil is currently obtained in the Middle East and Nigeria, where about 70% of the non-communist world's oil reserves are located. As a result of the uncertainties over the last few years as to the future availability of crude oil to the international oil companies from members of the Organisation of Petroleum Exporting Countries ("OPEC"), the BP group's exploration and development activities outside the OPEC countries have become increasingly important.

Ownership of BP

The share capital of BP is as follows:

Authorised	Issued
7,250,000	7,232,928
5,500,000	5,473,414
336,518,085	336,518,085
100,731,915	—
500,000,000	392,224,317

Preference and Ordinary Stockholders are entitled to vote at General Meetings and on a poll members are entitled to one vote for every £5 Preference Stock and to two votes for every £1 Ordinary Stock.

Under BP's Articles of Association HM Government has the power to appoint two directors either of whom may veto any resolution of the Board or a committee thereof. The Government has never since such right was conferred intervened in the administration of the Company as a commercial concern and the right to veto a resolution has never been used.

The Government holding of BP Ordinary Stock amounts to £186,092,307 (43.15%). The Bank of England holds £77,817,507 BP Ordinary Stock (20.13%) acquired by it on 23 January 1975 from The Burnham Oil Company, Limited. The validity of this acquisition is currently the subject of litigation. At the time of this transaction assurances were given to the Panel on Take-overs and Mergers ("the Panel") (a) by an undertaking from the Bank that it would not exercise the votes attaching to the BP Ordinary Stock so acquired so long as the Bank and the Government taken together held over 30% of the voting rights and (b) by a statement on behalf of the Government that, while the Bank held any part of such BP Ordinary Stock and its undertaking remained in force, the Government would not exercise a greater proportionate voting power in relation to other BP stockholders than it could have exercised prior to the transaction.

The Government has announced its intention to acquire the Bank of England holding in due course after this Offer and thus increase the Government's holding of Ordinary Stock to 51%. The restrictions mentioned above will remain in force until such purchase, but the Panel has accepted that thereafter the Government will be free to vote the 51% stockholding which it then expects to have. The Panel will not require the Government to make an offer under the City Code to purchase the Ordinary Stock of BP held by the public. In its discussions with the Panel the Bank of England referred to the fact that the Government holding of BP Ordinary Stock had exceeded 50% for long periods in the past and to the restraint with which the Government had traditionally approached the use of its voting power. The Bank informed the Panel that it was authorised by the Government to say that it is the Government's intention to maintain its relationship with BP in a way which does not breach the traditional practice of non-intervention

in the administration of the Company as a commercial concern. Apart from the Government and the Bank of England, BP has over 110,000 registered Ordinary Stockholders holding in total £122,603,271 Ordinary Stock, including at 31 May 1977 approximately £18 million Ordinary Stock held in London by Morgan Guaranty Trust Company of New York and represented by American Depositary Receipts which are listed on the New York Stock Exchange and are the form in which substantially all US investors hold BP Stock. No significant holdings outside the UK and US markets are known to BP.

Crude Oil and Gas Reserves

The estimated proved crude oil and gas reserves available to the group, including royalty interests, are as follows:

	Crude Oil and Natural Gas (billions of barrels)	Natural Gas (billions of cubic feet)
Estimated proved reserves at 31 December 1976		
BP group reserves	4,238	—
Abu Dhabi	1,462	—
Nigeria	2,347	1,466
UK	747	219
Germany	60	747
Canada	123	4,087
Australia and New Zealand	8,278	6,519
Total BP group reserves	4,350	7,000
Sohio's Alaskan reserves* (approximate)	—	—

*Sohio owns approximately 53% of the oil in the Prudhoe Bay Field in Alaska. Further details are given in the section dealing with the United States.

The above table includes in BP group reserves royalty interests of 1,477 million barrels of oil and 308 billion cubic feet of gas. In addition, through purchase agreements, the group has access to substantial production of oil in Iran, Iraq, Kuwait and Qatar.

NOTE: 1 barrel equals approximately 42 US gallons. 1 cubic foot equals approximately 7.48 US gallons. Proved reserves are those quantities of oil and gas which, by analysis of geophysical and geological data, and using existing technology, can be estimated with reasonable certainty to be recoverable in commercial quantities under existing economic and operating conditions. Reserves of natural gas in Nigeria have not been included in the table since availability depends upon the spacing of agreement with the Nigerian Government and others upon the establishment of a gas liquefaction plant.

SOURCES OF SUPPLY

The table below shows the group's sources of crude oil supplies:

	1972	1973	1974	1975	1976
Iran	83	59	52	85	88
Kuwait	74	69	52	28	24
Nigeria	39	31	33	24	21
Abu Dhabi	31	20	17	16	14
Iraq	12	11	12	7	—
North Sea	—	—	—	1	9
Other	17	12	3	11	21
	243	239	222	172	177

NORTH SEA

The group's total capital expenditure on the UK Continental Shelf from 1963 to end 1976 has exceeded £945 million. Development and production expenditure in 1976 amounted to £224 million. The group holds 13 licences covering 32 blocks with a total area of 2,295 square miles. In addition, together with other companies, the group holds interests in a further 16 licences covering 32 blocks with a total area of 2,119 square miles. In 1977, the BP group, together with the British National Oil Corporation ("BNOC") as a 51% participant in all cases and with other companies in some cases, was provisionally awarded additional licences on the UK Continental Shelf covering 13 blocks with a total area of 984 square miles.

Forties Field—In 1970 the group discovered the Forties Field which is primarily located in a block where the group has a 100% interest. This oilfield is estimated to have contained, before production commenced, 1,800 million barrels of crude oil of which only a very small percentage lies outside the group's licence area. Production from the field, which is transported to the shore by pipeline, commenced in September 1975 and by the end of 1976 had reached 360,000 barrels per day. Peak production of 500,000 barrels per day is expected to be reached by the end of 1977 and be maintained at that level for about three years.

Ninian Field—The group and other companies are developing the Ninian Field of which the group's share of proved crude oil reserves is estimated to be about 160 million barrels, equal to a one seventh to one fifth interest in the field. Production is planned to commence in 1978 when it should average approximately 35,000 barrels per day increasing to approximately 320,000 barrels per day in 1981. A pipeline to transport the oil from the field to a sea loading terminal in the Shetland Islands has been completed.

Magnus Field—In 1974 the group announced the discovery, in a licensed area in which the group has a 100% interest, of an oilfield approximately 100 miles north east of the Shetlands, subsequently named the Magnus Field. The field is a complex one in about 600 feet of water. In April 1977 the BP group announced that it expected to proceed with the development of the field, which is estimated to contain proved crude oil reserves of approximately 400 million barrels. It might be expected to produce at a peak rate of 100,000 barrels a day beginning in the early 1980s.

Andrew Field—In 1974 the group discovered the Andrew Field which lies partly in a licensed area in which the group has a 100% interest. No plans for its development have been announced.

Acquired Interests—Arrangements have been concluded with owners of other fields on the UK Continental Shelf to acquire various interests in their production.

Directors of BP

*SIR DAVID STEEL, DSO, MC, TD, Chairman

*M. M. PENNELL, CBE, Deputy Chairman

*R. W. ADAM

SIR LINDSAY ALEXANDER,
Chairman, Ocean Transport and
Trading Limited

MARSHAL OF THE ROYAL AIR
FORCE THE LORD ELMORTH,
KG, GCB, CBE, DSO, MVO, DFC, AFC,
former Chief of the Defence Staff

THE LORD GREENHILL OF
HARROW, GCMG, OBE, former
Permanent Under-Secretary, Foreign
and Commonwealth Office

THE EARL OF INCHCAPE,
Chairman, Inchcape and Company Limited

*JACKSON, General Secretary,
Union of Post Office Workers

*C. F. LAIDLAW

SIR JAMES MENTER, FRSE,
Principal, Queen Mary College,
University of London

SIR ALASTAIR HIXKINGTON, FRSE,
Chairman, Hixkington Brothers Limited

*J. W. R. SUTCLIFFE

M. J. VEEY, TD, Chairman, The
Charles Official Investment Fund

*P. I. WALTERS

*Managing Director
Appointed by Her
Majesty's Government

Secretaries and Registered Office

D. A. G. SARRE,
Brisson House, Moor Lane,
London EC2Y 9BU

Auditors of BP
and Reporting Accountants

WHINNEY MURRAY & CO.,
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Solicitors

To BP

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59-61 Gresham Street,
London EC2V 7JA

To the Offer

FRESHFIELDS,
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Brokers to the Offer

MULLENS & CO.,
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London EC2N 1HD

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12 Tottenham Court Road,
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City Gate House,
30-32, Finsbury Square,
London EC2A 7SA

Participation—On 1 June 1977 the Secretary of State for Energy, BNOC, and BP entered into a participation agreement assigning to BNOC a 51% interest in the group's UK offshore commercial oilfields held under licences existing on 28 June 1976. The interests so assigned will be held by BNOC for the benefit of the BP group and BP is satisfied that the participation agreement reflects the Government's policy that participation should leave licensees financially no worse off.

Norwegian Sector—A significant oil discovery was made on a block covered by a licence in which the BP group has a 57.5% interest which it acquired in June 1976. Two appraisal wells are scheduled for 1977 on this structure, one of which is now being drilled.

EXPLORATION

The group is exploring in twenty countries. World wide in 1976 the group drilled or had an interest in a total of 104 completed exploration wells. Outside Europe BP participated during 1976 in exploration wells drilled in Abu Dhabi, Australia, Canada, Egypt, Indonesia, Iran, New Zealand, Nigeria, Papua and Thailand. On the UK Continental Shelf eight exploration wells were drilled in 1976. Elsewhere in Europe in 1976 the group increased its offshore drilling activity and participated in ten exploration wells in Dutch, Norwegian and German waters. Other exploration drilling was carried out in the French part of the Western Approaches, on the Irish Continental Shelf and offshore Germany. The group received a share in new exploration licences offshore Norway and northern Spain and offshore UK.

Shipping

On 31 December 1976 the BP group owned or had on bare boat charter 78 ships totalling 7.6 million deadweight tons (dwt), and had 8.1 million dwt on long term charter. All the group's larger ships in service are expected to continue operating at less than full speeds throughout 1977.

Tankers at year-end

	1972	1973	1974	1975	1976
Owned or on bare boat charter:					
Up to 25,000 dwt	43	37	33	39	33
25,000 to 80,000 dwt	53	47	52	32	20
80,000 to 160,000 dwt	3	3	2	3	—
160,000 dwt and above	8	12	20	23	25
	107	99	113	97	78
In million dwt	5.3	6.9	8.1	8.0	7.6

On long term charter:

	1972	1973	1974	1975	1976
Up to 25,000 dwt	62	44	25	17	9
25,000 to 80,000 dwt	90	75	17	21	17
80,000 to 160,000 dwt	22	18	31	8	9
160,000 dwt and above	30	34	32	31	28
	204	175	85	76	63
In million dwt	14.3	14.0	9.9	9.2	8.1

Total number of vessels

	1972	1973	1974	1975	1976
In the BP group's fleet	311	274	199	172	141
Total in million dwt	19.6	19.9	18.0	17.2	15.7

The BP group and the Stolt-Nielsen group have recently signed a letter of intent, subject to the approval of the Stolt-Nielsen shareholders and the BP Board, which provides for the BP group to advance \$50 million to Stolt Tankers and Terminals (Holdings) S.A. ("STT"), which may at the option of the BP group be converted after 1 January 1978 into a 50% interest in STT. STT, the ship owning, trading and storage terminal company of the Stolt-Nielsen group, owns or operates 27 chemical and vegetable oil tankers and has a further 12 on order.

Refining

The group has 13 wholly-owned refineries, a majority interest in five refineries with 100% processing availability and part ownership of eight other refineries. Group refineries operated at 70% of nominal capacity during 1976 refining 89 million tonnes compared with 78 million tonnes in 1975.

Crate oil throughput at refineries on BP account	1972	1973	1974	1975	1976
UK	23	24	21	17	21
France	17	14	16	13	14
Germany	13	14	14	12	13
Netherlands	14	14	13	9	13
Other European Countries	18	15	12	9	11
Africa and Middle East	7	12	9	5	4
Canada	4	4	4	5	5
Far East and Australasia	17	8	8	8	8
	114	108	97	78	89
Processed for the group by other refineries	6	9	8	8	6
	120	117	105	86	95

Sales and Marketing

In 1976 group sales of crude oil and oil products (including chemicals) amounted to 175 million tonnes. The group markets refined products in Western Europe, Africa, Canada, Australasia and parts of the Middle and Far East. Western Europe accounts for approximately 75% of the group's product sales. Sales in the EEC represent over 10% of the Community's total oil demand. The BP Marine International service supplies fuels and lubricants to world shipping through arrangements at more than 300 ports. Air BP is a major supplier to international aviation. In 1976 purchases by two other oil companies accounted for approximately 40% of the group's crude oil sales.

BP group sales	1972	1973	1974	1975	1976
Crude oil	119	120	112	85	79
Products					
UK	17	18	18	15	15
France	15	14	13	12	14
Germany	18	17	15	13	14
Other European countries	33	29	23	20	24
Africa and Middle East	6	6	5	5	6
Asia and Australasia	8	8	9	9	8
North and South America	6	6	5	5	5
	102	98	88	79	85
International bulk trade and marine bunkers	13	12	10	8	10
Total products	115	110	98	88	96
Total group sales	234	230	210	173	175

Natural Gas

The group's natural gas sales in 1976 amounted to 9.9 million cubic metres per day of which 5.1 million were produced in the North Sea. Proved gas reserves are shown under the heading RESERVES.

United States

By the middle of 1976 if, as expected, the BP group's interest in Sohio has increased to over 50%, BP will include the accounts of Sohio in its group accounts. BP believes that in balance sheet terms over 40% of the group's properties and operating assets attributable to BP will then be located in the United States.

BP has special and common stock interests in Sohio which entitle it to voting and dividend rights equivalent to approximately 26% equity stock interest in Sohio. Under the agreement between BP and Sohio this 26% interest will increase automatically with the

increase in production from the Prudhoe Bay Field. BP's interest in Sohio will rise above 50% when the level of crude oil production from Sohio's Prudhoe Bay leases reaches 450,000 net barrels per day and is sustained for a period of 90 days. This stage, which implies that the Trans Alaska Pipeline System ("TAPS") will be transporting about 1 million barrels per day, is expected to be reached by the middle of 1978. BP's interest will ultimately amount to approximately 54% so long as Sohio's Prudhoe Bay production reaches 600,000 net barrels per day prior to 1 January 1984. BP has other interests in the United States including, through BP Alaska, a royalty interest related to profits from Sohio's Prudhoe Bay oil production in excess of 500,000 net barrels per day. The group holds leases on approximately 110,000 net acres on the north slope of Alaska, outside Prudhoe Bay.

Sohio engages in all phases of the petroleum business in the United States including production of crude oil and natural gas and the transportation, refining and marketing of petroleum products. Sohio also markets automobile supplies and accessories through its retail outlets. It has a substantial position in mining and selling coal and is involved in the production of uranium and the manufacture and marketing of chemicals and plastic products.

For many years Sohio was primarily a refiner and marketer of petroleum products, purchasing most of its crude oil requirements from other US domestic producers. In 1969, however, Sohio acquired from BP, amongst other things, its present interest in the oil and gas leases in the Prudhoe Bay area of the north slope of Alaska and certain marketing assets in the United States which had hitherto been owned by BP. Sohio's leases in Alaska entitle it to some 53% of the oil reserves of the main reservoir of the Prudhoe Bay Field which itself represents about one quarter of total US proved reserves of crude oil. Sohio had spent \$1,357 million on development of the Prudhoe Bay Field by the end of 1976 and expects to spend a further \$430 million this year.

Sohio Pipe Line Company, a 100% Sohio subsidiary, has a 33-34% undivided interest and BP Pipelines Inc., a 100% BP group subsidiary, has a 15-84% undivided interest in TAPS. The Trans Alaska pipeline runs approximately 800 miles from Prudhoe Bay to the ice-free port of Valdez on Alaska's southern coast. It is currently estimated that the construction cost (excluding interest, but including pre-start-up operating costs) of TAPS on the basis of an initial design capacity of 1.2 million barrels per day will be approximately \$8,007 million. At the present time TAPS is approaching final completion and it is expected that oil will begin to flow into it shortly. Investigations of the welding on TAPS continue. It is believed that any necessary remedial work on the welds can be accomplished within the current cost estimate. However, if substantial re-accident of the field welds or remedial work is required by Government authorities then the start-up of TAPS could be delayed. By late 1977 TAPS is expected to be capable of transporting 1.2 million barrels per day. During 1978 and 1979 the capacity of the production facilities will be increased to 1.5 million barrels per day although any increase in actual production would require an expansion of the capacity of TAPS.

The principal market for Prudhoe Bay production will be the West Coast of the USA. Sohio estimates that in late 1977 and in 1978 there will be an availability of crude oil on the West Coast in excess of demand. At a production level of 1.2 million barrels per day the West Coast surplus could be at the higher end of a range of 300,000 to 600,000 barrels per day. In view of the restriction upon the export of Prudhoe Bay crude oil this surplus will need to be shipped through the Panama Canal to other US markets. However such oil must be transported in US flag tankers which are authorised to undertake coastal trade and Sohio expects that not until late 1978 will there be sufficient availability of such tankers to transport the major portion of the surplus oil in this manner. Thus Prudhoe Bay production might have to be at a level of less than 1.2 million barrels per day in late 1977 and in 1978 unless the restrictions on export or the requirements for marine shipments in suitably qualified US flag tankers are waived or modified. Since Sohio does not own refining or marketing assets on the West Coast, it expects that it will need to transport a disproportionate amount of the West Coast surplus to other US markets and absorb the increased costs involved.

Crude oil prices are controlled in the USA at an average level below world market prices. While the US Government has tentatively proposed that Prudhoe Bay crude oil should be treated at equivalence with world market price levels, no final price regulations have been adopted at this time.

Summarised financial information about Sohio is shown in note 6 (iv) and financial information on TAPS in note 8 (ix) of the Accountants' Report.

Chemicals

The group is a major manufacturer of petrochemicals and plastics with sales amounting to approximately £455 million in 1976. Its principal interests include operations at seven centres in the UK which manufacture and market a wide range of organic chemicals, plastics and raw materials, most of which are derived from petroleum feedstocks obtained from group refineries. The group has a 50% interest in a new ethylene plant under construction on Teesside and it is building on its own account a benzene plant and a high density polyethylene plant at Grangemouth and an acetic acid plant at Hull. In Europe, the group has substantial interests in associated chemical companies in Germany and France and in a company that operates an ethylene pipeline system which links major petrochemical centres in Germany, the Netherlands and Belgium. Outside Europe the group has an Australian subsidiary and interests in associated companies in southern Africa and India manufacturing chemical products.

Coal

On 1 January 1977 the group purchased a half share in the New South Wales coal mining interests of Universe Tankships Inc., which are operated under the name of Clutha, for Australian \$188.4 million plus a possible additional sum of A\$36 million. Clutha presently produces 5.2 million tonnes of washed coal per annum. In January 1977 it was announced that the BP group had agreed in principle to purchase for Canadian \$30 million an 87.5% interest in the Sukunka coal licences in British Columbia and to purchase a 100% interest in 20 other coal licences in the same area. Exploration for coal was conducted during 1976 in Australia, Canada, southern Africa and Indonesia.

New Group Activities

The group is expanding into a number of activities outside its traditional operations. These include coal, the animal nutrition field, minerals and technology related to the group's present activities. Current animal feed operations are based on 17 centres producing 320,000 tonnes a year of specialty feeds and supplements. A minerals department was established last year initially to investigate the opportunities for uranium and minerals exploration. A minority interest has been acquired in an international consortium examining deep sea mining prospects in the Pacific. The group's offshore service company activities have been extended in the field of underwater survey. The group is continuing to explore opportunities with other companies interested and active in underwater technology.

Research

The group's expenditure on research and development in 1976 was approximately £25 million; about 650 professional research scientists and engineers are employed in the United Kingdom. Research is concentrated in the areas of offshore oil, alternative energy sources, refining and marketing, and chemicals. A number of processes and products developed by the group are licensed to third parties throughout the world.

Current Trading

At BP's Annual General Meeting on 28 April the Chairman related three dominant factors on 1977 profits and said "Much will depend on crude oil pricing developments: the two-tier system of pricing* introduced on 1 January affects us more severely than the other major oil companies as nine tenths of our OPEC crude comes from 10% price increase sources rather than 5% price increase sources. The market in Europe is now reflecting this 5% crude, to which we have little access. This is compounded by the second factor, which is the well known surplus of shipping and distillation capacity. Thus, although product prices have increased somewhat since the end of the year, these increases have not yet been sufficient to cover our increased costs. Despite inflation we are managing to hold down our distribution costs and overheads by continuing efforts to re-structure and modernise our business but until these negative factors can be overcome our position in our main European markets remains unattractive. The third factor is the good news. In 1977 the significantly higher level of Forties production together with higher prices and lower unit costs will make a major impact."

The Chairman also mentioned at the Annual General Meeting that the amount of cash generated by operations in 1975 amounted to £350 million whereas in 1976 it doubled to £700 million. A further significant increase is expected in this year.

The group announced its results for the first quarter of 1977 on 2 June. Income before extraordinary items totalled £80.5 million.

The comparable figure for the fourth quarter of last year was £55.9 million and for the first quarter of 1976 was £20.2 million.

Compared with the first quarter of 1976, total sales increased by 0.3 million tonnes, or 0.7%. Within the total, sales of crude oil were down by 6.2% and sales of products and chemicals were higher by 6.3%.

The greatly improved income before taxation (£806.5 million as against £371.9 million for the comparable quarter of 1976) was largely attributable to the continuing build-up from the Forties Field which averaged 378,000 barrels per day in the first quarter and to a substantial appreciation of stock values, following the rise in the cost of crude oil from the OPEC countries from 1 January 1977. During the second quarter, a riser was replaced on one of the platforms in the Forties Field and production had to be cut back while the work proceeded. As a result, production in the second quarter is expected to be about 400,000 barrels per day. Thereafter production is expected to rise in the third and fourth quarters to reach the field maximum of 500,000 barrels per day by the end of the year. The stock appreciation is estimated at £25 million after tax but this will be considerably less in the second quarter.

In contrast with the first quarter when product sales were met mainly from stocks, income will be adversely affected (so long as two-tier pricing continues) by the failure to recover from the market the full OPEC cost increases.

The income for the first quarter is not necessarily indicative of the results that will be achieved for the entire year.

The oil industry is highly competitive. There is competition within the industry and also with other industries supplying energy and fuel needs. The operations of the BP group like those of all major international oil companies are from time to time affected by a wide range of political, commercial and other developments, many of them unexpected. Most of the BP group's crude oil is purchased in US dollars from oil producing countries and nearly all its crude oil sales are also in US dollars. Product trade is in a multiplicity of currencies affording no more currency risk to the BP group than in the case of multinational companies in general. The impact and overall effect of such events upon the BP group vary from country to country and from time to time. For these reasons no profit forecast is being given.

Information with respect to the probable size of the beneficial effect on net income and group reserves of incorporating the latest proposals from the Accounting Standards Committee of the Institute of Chartered Accountants in the UK on accounting for deferred tax is shown in note 6 (xii) of the Accountants' Report. Also shown in this note is information with regard to a possible extraordinary charge which may arise.

*Two-tier pricing. At a meeting held in mid-December 1976, all OPEC members except Saudi Arabia and the United Arab Emirates (which includes Abu Dhabi) decided to increase the price of their crude oil by approximately 10% on 1 January 1977 and by a further approximately 5% on 1 July 1977 so that their price for the market crude oil would be increased to \$12.70 per barrel on 1 January 1977 and to \$13.30 per barrel on 1 July 1977. Saudi Arabia and the United Arab Emirates elected to increase the price of their crude oil by 5% with effect from 1 January 1977, bringing their price for their market crude oil to \$12.08 per barrel. OPEC will reconsider its pricing policy for the second half of 1977 at a meeting to be held in Stockholm commencing on 12 July.

Dividends

On 9 June 1977 BP announced that it had made application to the Treasury under the Counter-Inflation (Dividend) Order 1973 for permission to increase the 1977 dividends by approximately 50 per cent to 30p net per £1 Stock unit equal to a gross figure (inclusive of associated tax credits at the present rate of ACT) of 48-1538p per unit (rather than by the normal maximum of 10% in 1977 and by a further approximately 5% on 1 July 1977 so that their price for the market crude oil would be increased to \$12.70 per barrel on 1 January 1977 and to \$13.30 per barrel on 1 July 1977. Saudi Arabia and the United Arab Emirates elected to increase the price of their crude oil by 5% with effect from 1 January 1977, bringing their price for their market crude oil to \$12.08 per barrel. OPEC will reconsider its pricing policy for the second half of 1977 at a meeting to be held in Stockholm commencing on 12 July.

In the absence of unforeseen circumstances the Directors intend to declare an interim dividend for 1977 of 6-875p net per £1 Stock unit (or, inclusive of associated tax credits at the present rate of ACT, 10-5769p per unit) for payment on 10 November 1977 and to include any increase in the 1977 dividend allowed under the then current dividend controls with the final dividend for that year payable in May 1978.

The Directors intend to reserve a sum equal to the difference between the 1977 dividends and that which would have been paid had the application to the Treasury been granted. The amount so reserved would be distributed as a special dividend when the removal of dividend restrictions permits.

ACCOUNTANTS' REPORT

The following is a copy of a report from Whinney, Murray & Co., Chartered Accountants:

57 Chiswell Street,
London EC1Y 4SY
14 June 1977

The Directors, The British Petroleum Company Limited, The Lords Commissioners of Her Majesty's Treasury, and The Governor and Company of the Bank of England.

Gentlemen,
We have acted as auditors of The British Petroleum Company Limited ("BP") since its incorporation on 14 April 1909. We have examined the group accounts of BP and its consolidated subsidiaries ("the BP group") for the five years ended 31 December 1976.

The group income statement and movements in group reserves for the five years ended 31 December 1976, the group balance sheet at that date and statement of source and application of funds for the year then ended, are based on the audited accounts. In our opinion, these statements and the group balance sheet, which have been prepared under the historical cost convention, together with the notes thereon, give a true and fair view of the net income and movements in group reserves for the five years ended 31 December 1976, of the state of affairs at that date and of the source and application of funds for the year then ended.

Our examination of the group accounts did not extend to the unaudited group income statements for the three months ended 31 March 1976 and 1977 respectively and the related note (xii). We report as follows:

1. Accounting Policies

The accounting policies adopted for the preparation of the group accounts of the BP group are set out below. The only significant changes made in the five years ended 31 December 1976 occurred in 1975 and related to deferred taxation and the treatment of depreciation for stock valuation purposes. The effect of these changes is disclosed in the table of movements in group reserves.

Accounting Convention

The accounts are prepared under the historical cost convention.

Composition of Group Accounts

The group accounts comprise a consolidation of the accounts of BP and all its subsidiaries except for a number of minor companies, the consolidation of whose accounts would cause undue expense and delay in presentation and whose income is insignificant. The investment in these minor companies is included in the group balance sheet with investment in associated companies.

Where accounting policies followed by subsidiaries differ significantly from those adopted for group accounts purposes appropriate consolidation adjustments are made for material items.

In the case of associated companies there is included in the income statement the group proportion of the income and costs of those companies, including from 1 January 1975 The Standard Oil Company (Sohio), whose earnings are material. Dividends received are included for associated companies whose earnings are relatively small.

Currency Conversion

Assets and liabilities expressed in currencies other than sterling and operating results of overseas subsidiaries are converted into sterling at the year-end rates of exchange.

Exchange fluctuations are included in the determination of income except those relating to the re-statement at year-end exchange rates of

- opening balance sheets of overseas subsidiary and associated companies and
- long-term receivables and finance debts (excluding acceptance facilities) in other than local currencies which are taken directly to reserves.

Stock Valuation

Stocks of oil and chemicals are valued at the lower of approximate group cost including overheads, using the first in, first out method, and net realisable value. For purposes of valuation petroleum revenue tax is treated as a cost. Stocks of stores are stated at or below cost calculated mainly using the average method.

Pensions

In most group companies there are pension and retirement plans, the forms and benefits varying with regard to economic conditions and practices in the countries concerned. Payments to funds and provisions are made on the basis of actuarial assessment; current supplementary pension payments are charged against income.

Depreciation and Amounts Provided

Properties and operating assets are depreciated either on a straight-line basis, by the reducing balance method or in accordance with local fiscal rules and in the case of the North Sea Forties Field are being amortised on a unit-of-production basis. The result is that these assets are depreciated over their estimated useful lives or shorter periods.

Exploration properties are written off over the estimated period of exploration and full provision is made against the group's proportion of other exploration expenditure whether incurred directly by subsidiary companies or indirectly by associated companies.

Research

Expenditure on research and development is wholly written off in the year in which it is incurred.

2. Group income statement

Figures, except where otherwise indicated, in £ million

	1972	1973	1974	1975	1976	Three months ended 31 March (unaudited) 1977 note (xii)
Sales proceeds and other income						
Sales proceeds	3,431.2	4,511.9	9,305.8	9,538.7	12,857.0	2,795.5
Deduct: customs duties and sales taxes	1,147.4	1,359.7	1,495.5	1,755.3	2,275.9	457.9
Net sales proceeds	2,283.8	3,152.2	7,810.3	7,783.4	10,581.1	2,337.6
Other income	51.0	94.2	173.7	178.1	188.3	40.7
	2,334.8	3,246.4	7,984.0	7,961.5	10,769.4	2,378.3
Operating and other costs						
Cost of oil, ocean freight, refining and chemical manufacturing	1,000.8	1,373.6	4,798.2	5,420.2	7,634.2	1,724.9
Distribution, selling, administrative and other expenses (includes back service pension charge—1973 £25m, 1974 £24.3m)	438.6	548.7	670.8	719.4	908.7	196.5
Depreciation and amounts provided	121.0	135.8	163.6	193.5	265.9	49.2
Interest and financing costs—note (i)	45.6	58.1	79.3	103.1	176.0	35.8
	1,605.0	2,116.2	5,711.9	6,436.2	8,985.8	2,006.4
	729.8	1,130.2	2,272.1	1,525.3	1,783.6	371.9
Overseas taxation—note (ii)	658.5	810.0	1,747.8	1,323.2	1,401.0	341.8
Income after overseas taxation	72.3	320.2	524.1	200.1	382.6	30.1
UK taxation—note (ii)	10.9	14.8	23.0	51.1	196.7	8.0
Income after taxation	61.4	305.4	501.1	149.0	185.9	22.1
Minority shareholders' interest	2.0	9.9	25.3	4.1	6.1	1.9
Income before extraordinary items	59.4	295.5	475.8	144.9	179.8	20.2
Extraordinary items after taxation	11.7	33.5	11.8	21.3	—	—
Net income of the group	71.1	329.0	487.6	166.2	179.8	—
Distribution to stockholders (includes preference dividends—1972 £1.0m, 1973—1975 £0.7m per annum)	62.5	59.3	68.8	70.2	77.1	—
Retained income	8.6	269.7	418.8	96.0	102.7	—
Income before extraordinary items per unit of ordinary stock	15.2p	78.3p	123.0p	37.3p	46.4p	—
Dividends per unit of ordinary stock (1972 stated on current basis)	14.450p	15.170p	16.860p	17.980p	19.789p	—

3. Movements in group reserves

Figures in £ million

	1972	1973	1974	1975	1976
Group reserves at 1 January	874.8	1,007.7	1,608.2	2,016.3	2,078.7
Retained income for year	8.6	269.7	421.6	96.0	102.7
Premiums on acquisitions	(11.4)	—	—	—	—
Surplus from sale of part interest in Abu Dhabi Marine Areas	—	274.5	—	—	—
Exchange fluctuations	37.7	55.8	(11.5)	13.8	79.8
Adjustment to inclusion of depreciation in group stock valuation at 1 January 1975	—	—	—	14.6	—
Additional provision for overseas deferred tax at 1 January 1975	—	—	—	(60.8)	—
Other movements	(2.0)	(1.5)	—	—	—
Group reserves at 31 December	1,007.7	1,608.2	2,016.3	2,078.7	2,282.2

4. Group balance sheet 31 December 1976

Figures in £ million

	Note	
Assets employed		
Properties and operating assets	(iii)	3,149.2
Investments		
The Standard Oil Company (Sohio)	(iv)	438.7
Associated companies	(v)	343.5
Long-term receivables		232.1
Current assets less current liabilities	(vi)	2,039.0
Total assets less current liabilities		6,202.5
Deduct:		
North Sea oil advance proceeds	(vii)	319.0
Deposits and deferred liabilities		248.5
Insurance funds and provisions		52.5
Pension provisions		141.8
		<u>761.8</u>
		<u>5,440.7</u>
Financed by		
Issued capital		398.8
Share premium account		197.4
Reserves		<u>2,282.2</u>
Stockholders' interest		2,858.4
Minority shareholders' interest		122.8
Deferred taxation	(ii)	183.8
Finance debts	(viii)	2,275.7
		<u>5,440.7</u>

6. Notes

(i) Interest and financing costs

Figures in £ million

	Years ended 31 December				
	1972	1973	1974	1975	1976
Expended:					
Interest—Long-term debt	17.9	24.2	27.5	27.2	41.0
—Other finance debt	27.7	33.9	51.8	71.6	111.7
Forties Field financing costs	—	—	—	4.3	23.3
	45.6	58.1	79.3	103.1	176.0
Capitalised	16.4	21.7	32.1	46.6	57.0

(ii) Taxation

OVERSEAS

Overseas taxation for each of the five years ended 31 December 1976 includes amounts paid to producer governments: 1972—£846.5 million, 1973—£776.8 million, 1974—£1,691.4 million, 1975—£1,312.9 million and 1976—£1,340.6 million.

UNITED KINGDOM

The charge for UK taxation for the five years ended 31 December 1976 includes £55.0 million in 1976 and £143.6 million in 1975 in respect of deferred taxation and is made up as follows:

	Years ended 31 December				
	1972	1973	1974	1975	1976
Corporation tax	429.6	703.7	1,377.0	751.3	643.6
Overseas tax relief	(428.6)	(703.7)	(1,377.0)	(698.3)	(505.2)
	—	—	—	55.0	138.4
Advance corporation tax	18.2	24.7	33.9	—	(70.9)
Transitional relief	(7.3)	(9.9)	(10.9)	(11.4)	(0.2)
	10.9	14.8	23.0	43.6	67.3
Petroleum revenue tax	—	—	—	7.5	129.4
	10.9	14.8	23.0	51.1	196.7

Legislation enacted in 1975 made changes to the basis on which oil companies are taxed.

In respect of dividends paid after 5 April 1973 advance corporation tax of £18.2 million in 1972, £24.7 million in 1973 and £33.9 million in 1974 was written off. In 1975 and 1976 advance corporation tax of £38.9 million and £41.1 million, respectively, was debited to deferred taxation. Of the advance corporation tax previously written off, £70.9 million was set against the deferred tax provision for 1976. The Finance Act 1972 amended and extended the transitional relief provisions of the Finance Act 1965 so as to give a measure of relief against advance corporation tax.

Petroleum revenue tax is imposed on profits from production of oil and gas in the UK, its territorial waters and continental shelf and is an allowable deduction for corporation tax purposes.

DEFERRED TAXATION

The balance of deferred taxation at 31 December 1976 comprises UK and overseas tax mainly on timing differences between the accounting and tax treatment of certain items, principally depreciation and amortisation, and on the timing of advance corporation tax relating to dividends paid and recommended for 1975 and 1976 and that written off in earlier years credited in 1976.

(iii) Properties and operating assets

At 31 December 1976 assets at cost amounted to £5,237.7 million and provisions amounted to £2,088.5 million, summarised as follows:

	Cost	Production and exploration	Refineries	Marketing	Chemicals	Total
1 January 1976	1,277.9	355.9	1,067.5	1,101.4	302.1	4,114.4
Exchange adjustments	183.8	4.4	188.3	154.9	2.4	441.9
Accumulated depreciation	10.7	—	—	0.4	—	11.1
Revaluation	89.9	12.2	38.8	108.8	48.9	307.8
Deferrals	(4.9)	(78.1)	(2.7)	(45.0)	(7.4)	(137.4)
31 December 1976	1,397.5	303.4	1,261.9	1,331.3	343.6	5,237.7
Provisions	351.4	115.2	808.2	653.5	180.2	2,088.5
Net book amount	1,046.1	188.2	453.7	677.8	163.4	3,149.2

(iv) Investment in The Standard Oil Company (Sohio)

The investment in Sohio was initially represented by 1,000 shares of special stock which entitled the group to the same rights (except as to dividends) as approximately a 25% common stock interest. The number of shares of common stock, to which the 1,000 shares of special stock are equivalent, will rise with increases in the sustainable crude oil production from Sohio's Prudhoe Bay properties, or in certain circumstances from other Alaskan properties, to a maximum of approximately 54% if such production (net of one eighth royalty owned by the State of Alaska) reaches 600,000 barrels per day prior to 1 January 1984.

The special stock is pledged as collateral to secure a short-term debt of \$58.7 million repayable in 1977 with interest at 7% per annum.

In October 1975 Sohio sold 2,000,000 shares of its common stock and pursuant to the terms of the original agreement dated 27 October 1968 the group acquired 1,080,000 shares being a 54% interest of the issue thereby increasing the group's interest in Sohio to approximately 26%.

GENERAL INFORMATION

a. Market Quotations

The following table shows the highest and lowest middle-market quotations for the Ordinary Stock units for the periods specified, based on the Daily Official List published by The Stock Exchange.

	Highest	Lowest
1972	612½	486½
1973	600½	486½
1974	580½	486½
1975	587½	486½
1976	805	553
January 1977	880	775
February 1977	935	890
March 1977	900	790
April 1977	925	780
May 1977	955	895

2. North American Offering

(a) Preliminary prospectuses (without pricing information) are being circulated in North America by a consortium ("the North American Underwriters") under the management of Morgan Stanley & Co. Incorporated; The First Boston Corporation; Goldman, Sachs & Co.; Merrill Lynch, Pierce, Fenner & Smith Incorporated; and Salomon Brothers and in Canada in association with Greenshields Incorporated, and a group of Canadian investment dealers. After the closing of the Application Lists, when the applications have been counted but before allocations are made under this Offer, a commitment will be sought from the North American Underwriters for them to take a specific amount of BP Ordinary Stock at a minimum price (such that the North American offering price will not be below, and may be above, the price under this Offer adjusted for differing payment and dividend terms and converted into US dollars), the actual offering price being for later agreement. The amount of Stock allocated to the North American offering is unlikely to exceed 25% so long as applications to be accepted under this Offer at least cover the balance. If the North American Underwriters determine to proceed, they will promptly enter into an unconditional agreement to purchase such Stock, in which event it will be withdrawn from this Offer and the bases of allocation under this Offer promptly determined and announced. The actual North American offering price, which cannot be less than the agreed minimum, will be determined soon after the announcement of the results of this Offer. The Ordinary Stock being sold in North America will be sold, for payment in full at one time, in the form of American Depositary Receipts ("ADRs") issued by Morgan Guaranty Trust Company of New York and with the benefit of the 1977 interim dividend.

(b) The Company in its annual accounts sent to all stockholders follows UK accounting principles which in its view and in the view of its auditors fairly reflect the results of the group. However, the US Securities and Exchange Commission requires a US prospectus to show what group net income would have been if calculated in accordance with generally accepted accounting principles in the United States.

In accordance with the group's accounting policies all assets and liabilities in currencies other than sterling are converted into sterling at the applicable year-end rates of exchange. This practice follows UK accounting principles which BP considers fairly reflect the results of the group, especially as non-sterling borrowing is mainly related to borrowing by group companies in respect of assets and trading activities which will generate the non-sterling currency necessary to effect repayment. Specifically it is expected that the US dollar dedicated financing for TAPS will be repaid out of US dollar revenues generated in the United States.

The group's interest has been equity accounted as from 1 January 1975 when dividends became receivable. This treatment has been reflected in the group income statement by the inclusion in other income of £23.1 million in 1975 and £29.5 million in 1976, with a charge of £8.4 million in 1975 and £9.8 million in 1976 in overseas taxation. However, interest of £10.0 million in 1975 and £5.5 million in 1976 on short-term loans related to this investment was charged leaving a net benefit to group income of £4.7 million in 1975 and £14.2 million in 1976. At 31 December 1976 the group's share of Sohio's undistributed income was £24.1 million.

The net assets of Sohio at 31 December 1976 expressed in sterling at the year-end exchange rate of US\$1.70 = £1 are summarised as follows:

	£m
Property, plant and equipment after depreciation and depletion	2,864.2
Investments and other assets	323.6
Current assets	494.7
	3,682.5

	£m
Less:	
Current liabilities	317.5
Other liabilities	21.3
Long-term debt	2,133.5
Deferred revenue	235.4
Deferred income taxes	63.5
Preferred stock	6.3
	2,775.5

Net assets applicable to common and special stock

905.0

(v) Associated companies

INVESTMENT

At 31 December 1976 investment in these companies at cost amounted to £380.9 million and provisions amounted to £37.4 million, summarised as follows:

	Cost	Provisions	Net
Production and exploration	128.1	31.1	97.0
Refineries	60.6	1.9	58.7
Marketing	98.1	4.4	93.7
Chemicals	84.1	—	84.1
	380.9	37.4	343.5

Group investments, almost entirely unquoted, in associated companies are mainly in the nature of partnerships with other groups having in many cases integrated trading operations with subsidiary companies of the group which take a wide variety of forms.

NET ASSETS

Information as to the group proportion of the net assets of associated companies at the end of 1976 is not yet available. However, from the accounts received during the year 1976 from major associated companies in which the group net investment at 31 December 1976 was £289.4 million (out of a total net investment of £293.3 million), it has been ascertained that the net assets of these companies amounted to £1,081.7 million and the group proportion thereof was £347.4 million as follows:

	Figures in £ million	Associated companies	Group proportion
Properties and operating assets (net)	1,413.7	420.2	
Long-term receivables and investments	191.8	52.0	
Intangibles including goodwill	32.5	8.6	
Current assets	804.5	334.2	
	2,542.5	815.0	
Less: Finance debts	602.6	164.7	
Liabilities mainly current	858.2	302.9	
Net assets	1,081.7	347.4	

The accounts referred to were largely prepared as at 31 December 1976 and were drawn up in accordance with the statutory regulations of the countries in which these companies were incorporated.

(vi) Current assets less current liabilities

	£m
Current assets	
Bank balances	653.3
Marketable securities at net book amount (which approximates market value)	37.5
Liquid resources	690.8
Debtors	2,088.7
Stocks of oil and chemicals	1,707.4
Stocks of stores	126.4
	4,611.3
Current liabilities	
Creditors	2,205.8
Overseas taxation	281.9
Provisions	24.2
Dividends	50.4
	2,572.3
Current assets less current liabilities	2,039.0

The UK practice adopted by BP is reflected in the following movements in group reserves:

	Years ended 31 December				
	1972	1973	1974	1975	1976
Currency fluctuations relating to properties and operating assets and investment in Sohio	96	84	28	142	282
Currency fluctuations relating to finance debts and other items	(52)	(28)	(38)	(128)	(212)
Net currency fluctuations dealt with in movements in group reserves	38	55	(11)	13	80

US accounting practice requires, *inter alia*, that a charge be made against income in respect of the restatement of finance debts at year-end exchange rates but does not permit credit to be taken in respect of the corresponding restatement of overseas assets and requires that historical exchange rates be applied for stock valuation purposes. Had the group accounted on the US basis, it is estimated that the approximate effect on net income would have been as follows:

	Years ended 31 December				
	1972	1973	1974	1975	1976
Charge to income re currency fluctuations:					
US\$ dedicated finance debts	16	3	(2)	30	75
Other finance debts and other items	36	26	41	99	137
	52	29	39	129	212
Estimated reduction in charge for depreciation	(10)	(18)	(24)	(28)	(38)
Effect on stock valuations	—	—	—	9	(47)
Approximate decrease to net income	42	11	15	110	125

The estimated material adjustments required under US generally accepted accounting principles including those for currency fluctuations can be summarised as follows:

	Years ended 31 December				
	1972	1973	1974	1975	1976
Net income of the group as reported in its Annual Accounts	71.1	328.0	487.4	188.2	179.8
Currency fluctuations (see above)	(42.0)	(11.0)	(15.0)	(110.0)	(125.0)
Surplus from sale of part interest in Abu Dhabi Marine Areas	—	274.5	—	—	—
Back service pension charge	—	23.7	50.4	—	—
Transitional relief—Finance Act 1965	(9.8)	—	—	—	—
Deferred tax	—	(13.6)	(39.0)	—	—
Approximate net income if adjusted to accord with US generally accepted accounting principles	19.3	603.2	483.8	56.2	53.8

Similarly the estimate of the effect of currency fluctuations on income before extraordinary items for the three months ended 31 March 1976 and 1977 if so adjusted would be a reduction of £82 million and an increase of £5 million respectively. The adjustments referred to in note xii(b) in the Accountants' Report are not in accordance with US generally accepted accounting principles and therefore would not be made in calculating net income in accordance with those principles.

3. Overseas Payments

On 3 June 1977 BP announced that it had investigated political contributions and other payments in 140 companies operating in 70 countries. The results of the investigation had been reported

(vii) Forties Field financing
In accordance with the terms of an agreement by BP Oil Development Limited for a forward sale of crude oil and gas from the Forties Field (North Sea block 21/10) advance proceeds may be received from time to time up to £180 million and \$468 million. The total advanced to 31 December 1976 was £156.0 million and \$406.6 million.

Repayment of amounts advanced is being made from the proceeds of the sale of oil produced from 1 December 1975 which BP Trading Limited, a wholly-owned subsidiary, has under a separate agreement undertaken to purchase. If the flow of oil is interrupted, repayments will normally be suspended, but, subject to the presence of an adequate amount of recoverable oil, must in any event be completed by 31 December 1982. The advance proceeds outstanding at 31 December 1976 of £126.1 million and \$327.9 million are secured on the assets and contracts connected with the development of the field.

(viii) Finance debts

	£m
Long-term	1,145.0
Short-term and acceptances	1,078.0
Bank loans and overdrafts	62.7
	2,275.7

Long-term debts are those, as defined by the Companies Act 1967, which are wholly or in part repayable more than five years from the date of the balance sheet. Long-term debts at 31 December 1976 were as follows:

	Average contractual interest rate %	£m
Sterling	13.8	26.9
US dollars	9.5	779.7
Australian dollars	7.9	10.2
Belgian francs	7.5	10.9
Canadian dollars	6.9	32.8
Deutsche marks	7.2	36.8
Dutch guilders	9.9	71.5
French francs	5.6	15.2
Swedish kronor	6.6	35.7
Swiss francs	6.6	6.0
Other currencies		
Total		1,145.0

Secured debt included in above figures

139.9

Repayment periods from balance sheet date are as follows:

	£m
1 year	24.8
2 years	32.4
3 years	40.3
4 years	59.9
5 years	86.1
6 to 10 years	449.4
thereafter	452.1
	1,145.0

Short-term debts of the group which are repayable within five years of the date of the balance sheet amounted to £806.8 million of which secured £82.8 million.

Acceptances under facilities with differing periods of duration in respect of oil movements amounted to £171.4 million.

At 31 December 1976 the group had substantial amounts of unquoted borrowing facilities available including approximately £820 million which was covered by formal commitments.

The BP 5% debenture stock repayable by 1 July 1978, of £8.4 million and the 6% debenture stock, repayable by 31 December 1980, of £8.5 million are secured by a floating charge on the assets of BP.

(ix) Trans Alaska Pipeline System (TAPS)

BP Pipelines Inc., a group subsidiary, has a 15.84% undivided interest and Sohio Pipe Line Company, a subsidiary of The Standard Oil Company (Sohio), has a 33.34% undivided interest in TAPS.

In May 1977 it was estimated that the construction cost (excluding interest) of TAPS, on the basis of an initial design capacity of 1.2 million barrels per day, would be approximately \$8,007 million (including \$248 million of capitalised operating costs to be incurred prior to an assumed start-up date of 1 September 1977) of which the group's direct 15.84% undivided interest amounts to about \$1,270 million. The parent company has guaranteed that BP Pipelines shall provide finance for the completion of its share of the construction costs of TAPS, including interest during construction, and its operation thereafter.

Sohio/BP Trans Alaska Pipeline Capital Inc. ("Capital") is owned by the two pipeline companies and its sole business is the issuance of debt securities from time to time, finding 67.8% of the proceeds to Sohio Pipe Line and 32.2% to BP Pipelines in exchange for notes in the principal amounts of their respective loans each unconditionally guaranteed by its parent company.

4. Miscellaneous

(a) An agreement dated 14 June 1977 between HM Treasury, the Bank of England, BP and its Directors and others containing provisions to facilitate this Offer and the proposed North American offering and includes indemnities to BP and its Directors.

(b) The expenses of the Offer, including stamp duty, will be paid by HM Government.

(c) The £68,785,591 Ordinary Stock now offered is registered in the name of the Solicitor for the Affairs of Her Majesty's Treasury and is administered by the Lords Commissioners of Her Majesty's Treasury on behalf of the Government. HM Government owns £1,000 First Preference Stock.

(d) Apart from the Bank of England's holding of £77,817,507 Ordinary Stock of BP, the Bank's Pension Fund owns £248,000 BP Stock while the Bank's nominee companies hold on behalf of customers BP Stock amounting at 31 May 1977 to £1,620,300.

(e) No Director has any interest in shares or debentures of subsidiaries of the Company. Interests of the Directors as recorded in the Register maintained pursuant to the Companies Act 1967 do not, in the aggregate, exceed 25,000 Stock units of the parent company. No Director is materially interested in any contract that is significant in relation to the Company's business. Lord Greenhill is also a Director of S. G. Warburg & Co. Ltd. Sir Alastair Pilkington is also a Director of the Bank of England.

(f) On 9 May 1977, 447,969 Ordinary Shares, which were forthwith converted into £447,969 Ordinary Stock, were issued by BP under an agreement made in 1972 to acquire the remaining 40% of the Europa group of companies in New Zealand. It is expected that the City of Valdez, Alaska, will issue Bonds guaranteed by BP (32.2%) and Sohio (67.8%) to a principal amount equal to all or a portion of the aggregate cost (estimated at US\$675 million) to the BP and Sohio groups of their interests in the Valdez Marine Terminal; this would provide under a lease and sub-lease arrangement long term funds to BP Pipelines Inc. (32.2%) and Sohio Pipe Line Company (67.8%).

(g) Save as disclosed herein and apart from intra-group transactions neither the Company nor any of its subsidiaries has between the date of the last annual accounts of the Company (31 December 1976) and the date of this document made any material issue of share or loan capital or entered into any commitment to make any such issue and no material commissions, discounts, brokerage or other special terms have been granted by the Company or any of its subsidiaries in connection with the issue or sale of any share or loan capital of the Company or any of its subsidiaries. Except for stock options of a Canadian subsidiary no share or loan capital of the Company or any of its subsidiaries is under option or agreed conditionally or unconditionally to be put under option.

In November 1976 and September 1976 Capital arranged private placements in aggregate of \$1,750 million 10% Notes (\$815.0 million due 1983 and \$934.5 million due 1988) and \$500 million 8% Notes (\$363 million due 1983 and \$137 million due 1988) with institutional lenders in the US. In respect thereof BP Pipelines will issue Guaranteed Notes to Capital for aggregate amounts of \$563.5 million and \$161 million respectively, being its proportionate share of these placements. At 31 December 1976 the following Guaranteed Notes had been issued by BP Pipelines and were outstanding:

	\$m	£m
9% due 1983	105.3	61.9
10% due 1983	282.6	154.8
8% due 1985	41.8	24.6
10% due 1988	286.1	174.2
	705.8	416.2

In addition to the above, Capital has publicly sold \$250 million 9% Debentures due 1980/89 and \$250 million 8% Notes due 1983 in respect of which BP Pipelines has issued Guaranteed Notes to Capital totalling \$161 million (£34.7 million).

Revolving credit agreements with consortia of banks provide for borrowing from time to time up to a total of \$480 million towards BP Pipelines' obligations and at 31 December 1976 \$100 million (£58.8 million) was outstanding.

Interest amounting to £73.6 million and issue expenses of £2.5 million in connection with TAPS financing have been capitalised up to 31 December 1976 and included as part of construction costs which at that date were £737.6 million. This

[illegible]

GOOD

FINANCIAL NEWS AND MARKET REPORTS

Prices seen to stabilize

Markets

economic recovery among major industrial nations and a boom in commodity prices appears to be over.

In the near-term, the Euro-bond market appears to be benefiting from a reduction in the supply of new issues. As of last Friday only \$200m of issues were scheduled for offering, down from \$664m at the same time a week earlier.

However, a large issue for the World Bank via Deutsche Bank and an issue for International Utilities via S. G. Warburg and Co. were said to be among those under preparation.

One Bellweather offering last week was a \$200m note and bond issue of the Kingdom of Sweden. The offering was divided equally between five-year notes at 99 bearing 7.5 per cent, annually to yield 7.75 per cent, and 10-year bonds at 99.75 bearing 8.25 per cent to yield 8.29 per cent. The notes were quoted on Friday at 98.58 while the bonds were at 98.25, indicating a reasonable, but not runaway, demand.

However, some high coupon offerings got a very enthusiastic response, despite longer than usual maturities. The reception showed that investors have become much less concerned about the perils of the distant future as long as they can lock in a high current yield.

And it may well be that the Euro-bond market will be able again to provide 15 to 20-year money, which dried up following the inflationary Opec price increases in 1973-74.

Prices (yields and premiums)

Offer Receipt		FLOATING RATE NOTES	
78	100	100	C
1977	100	100	100
1978	100	100	100
1979	100	100	100
1980	100	100	100
1981	100	100	100
1982	100	100	100
1983	100	100	100
1984	100	100	100
1985	100	100	100
1986	100	100	100
1987	100	100	100
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2017	100	100	100
2018	100	100	100
2019	100	100	100
2020	100	100	100
2021	100	100	100
2022	100	100	100
2023	100	100	100
2024	100	100	100
2025	100	100	100
2026	100	100	100
2027	100	100	100
2028	100	100	100
2029	100	100	100
2030	100	100	100



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Appointments 6 and 12

Financial 11

Flat Sharing 27

The terms of the conditions of sale are printed on the back of the card. New printings from the Press, London WC2E 8E

DEATHS

BROWN, John, 70, died suddenly at home, 10, St. John's Road, W. 10, on June 17, 1977, after a long illness. Buried at St. John's Church, W. 10, on June 19, 1977, at 10.30. Flowers to 10 St. John's Road, W. 10, on June 19, 1977, at 10.30.

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In aid of the Hubbard's School, 10, St. John's Road, W. 10, on June 19, 1977, at 8.00. Tickets 10.00. Box office 01-837 3311.

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HOLIDAYS AND VILLAS

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GEORGE KNIGHT & PARTNERS

SPECIALIST AGENTS FOR RENTALS IN ALL LONDON DISTRICTS

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The Times Crossword Puzzle No 14,632

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2 Across: 2. Plucky mixed-up type is dished (4, 3).

3 Across: 3. Ghost in Hamlet, so-called, no counterfeit (9).

4 Across: 4. Archer on horseback grabs one that's dishevelled (5).

5 Across: 5. Nurse trainee becomes TV opera star (5).

6 Across: 6. Laying a basis for the new generation (9).

7 Across: 7. Barman finds fault with junior's veto - a cat's trick (6, 8).

8 Across: 8. Inflated account rendered by salesman? (10, 4).

9 Across: 9. La Fontaine perhaps set examination in construction of Rheims (9).

10 Across: 10. Beginning staged for shooting? (5).

11 Across: 11. Duck down and take cover for the night (5).

12 Across: 12. Let's have a holding the rudder (13, 4).

13 Across: 13. Turned out with Grace to mend net galle damaged (7).

14 Across: 14. Overheads of retired examiners? (7).

15 Down: 1. Is it a pish for the governor? (6).

2 Down: 2. The lute Acha made is flatter (7).

3 Down: 3. Refuse all round, I see - disgusting! (13).

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5 Down: 5. What a Lotherio in camp (13).

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7 Down: 7. Mary Robinson played her part famously (7).

8 Down: 8. Jooplaad, in changing the range (8).

9 Down: 9. In a state of restrained apprehension (5, 6).

10 Down: 10. What we pay for excursions (13).

11 Down: 11. Frank gets over the turbulent Dee in a rush (8).

12 Down: 12. Cut short a game of pon-toon (7).

13 Down: 13. False report about raising stonecrop to make us supple? (7).

14 Down: 14. Echo's preliminary impressions of America? (6).

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16 Down: 16. Adopt pose (not in protest) (13).

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WANTED

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